VIIIC	III F. Duettilei		
	Page 94		Page 96
1	felt it was appropriate or not. The client	1	so I'm going to ask you to repeat, please.
2	adopted a methodology that we had seen	2	Q. Certainly.
3	elsewhere with other clients. As long as we	3	Do you recall that Coopers &
4	understood that methodology, then we could go	4	Lybrand proposed any adjustment to the accounts
5	through our own assessment of the impact that 11:16:47	5	receivable or the allowance for doubtful 11:19:11
6	that would have.	6	accounts, the reserve for bad debt, at any
7	Q. So I think what you're telling me	7	AHERF hospital that was related to this aging
8	is that you weren't saying grace over or	8	change?
9	approving the methodology; you were only noting	9	MR. RYAN: Objection.
10	that it was not, in your view, unheard of or 11:16:57	10	A. No. I don't recall suggesting any 11:19:23
11	potentially uncommon?	11	type of adjustment related to this aging
12	A. That's correct.	12	change.
13	Q. Did Coopers & Lybrand ask AHERF to	13	<ul> <li>Q. Do you recall any discussions with</li> </ul>
14	run two different versions of the aging for	14	any member of the engagement team about placing
15	these hospitals of the agings for these 11:17:13	15	this aging change or any affect that may have 11:19:44
16	hospitals that had employed this changed	16	occurred because of it on the SUD, the
17	methodology?	17	statement of unadjusted differences, from 1996?
18	A. We asked them for information to be	18	A. No. You're talking solely for the
19	able to measure the difference, so I believe	19	aging change?
20	that someone got that information because at 11:17:30	20	Q. Yes. 11:20:03
21	the end of the day I can remember being told	21	A. No.
22	that the difference was not significant.	22	Q. Let me ask you this. If I continue
23	Q. Who told you that?	23	to use the shortened form or the abbreviated
24	A. Someone on the staff. That's my	24	form of statement for unadjusted differences
25	recollection. I can't tell you if it was Mark, 11:17:43	25	and the phrase, therefore, would be SUD, S U D, 11:20:15
23	reconcection: I carre can you in a tree you	<u> </u>	
	Page 95		Page 97
1	if it was Brian, if it was Amy. I just can't	1	do we understand each other?
2	remember.	2	A. Yes.
3	Q. Correct me if I'm wrong, but the	3	Q. That would be a Coopers & Lybrand
4	change that we're talking about, to be a little	4	internal work paper that puts together a
5	more specific, that's in your recollection is 11:17:56	5	summary or a statement of unadjusted 11:20:26
6	that the change at certain hospitals, at least,	6	differences as a part of its final field work
7	inpatient billings were aged at final bill date	7	in an audit, is that fair?
8	rather than discharged in this new methodology;	8	A. That's a fair summary.
9	is that much right?	9	Q. Would you tell me what you
10	A. That's correct. 11:18:11	10	understand the SUD to be? 11:20:46
11	Q. At certain hospitals, outpatient	11	<ul> <li>A. Well, a SUD is a Coopers &amp; Lybrand</li> </ul>
12	billings were now going to be in, in 1996, aged	12	tool that helps the staff meet the requirements
13	over again or the aging would restart with the	13	of the statement and auditing procedures
14	receipt of a payment and that the former	14	concerning aggregation of what we would call
15	beginning point for those agings were at 11:18:26	15	audit misstatements. So the SUD is the vehicle 11:21:00
16	registration?	16	that we use to aggregate what we consider to be
17	A. The date of service, yes.	17	
18	Q. For date of patient service?	18	
19	A. Yes.	19	
	11 1 11 11 11 11 11 11 11 11 11 11 11 1	20	
20	any amount for this aging change in 1996 in its	21	
21	any amount for this aging change in 1990 in to	22	· · · · · · · · · · · · · · · · · · ·
22	audit work, an adjustment to the reserve for	23	,
23	· · · · · · · · · · · · · · · · · · ·	24	
•			
24	A. I think your question has two		
	- 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	25	

	Page 98		Page 100
1	A. Yes.	1	about midway down the page called Included On Summary of Unadjusted Differences. Do you see
2	Q. Thank you.	2	The state of the s
3	Do you recall that this issue, this	3	that?
	aging change for certain hospitals in I think	4	A. Yes. O. It has the client site, DVOG, 11:23:56
5	principally eastern hospitals was ever posted 11:21:43	5	Q, 121100 the there are
6	to the SUD or proposed to be posted to the SUD	6	Delaware Valley Obligated Group?
7	for the '97 audit or as a part of the '97	7	A. Okay.
8	audit?	8	Q. Did I read that right?
9	MR. RYAN: Objection.	9	A. Yes.
10	A. Mr. Jones, I'm not sure what we 11:21:55	10	Q. When I say DVOG from time to time 11:24:05
11	would post to the SUD. The client is aging	11	today, tomorrow or the next day, we'll
12	their receivables. They're using a methodology	12	understand each other that we're referring to
13	that's, from our perspective, acceptable within	13	the Delaware Valley Obligated Group
14	an industry practice. The aging is not	14	hospitals
15	disclosed in the financial statements. 11:22:15	15	A. Yes. 11:24:12
16	Our audit is geared towards an	16	Q that we referred to earlier in
17	overall assessment of the accounts receivable	17	full?
18	presented on the balance sheet and the	18	You see it refers to audit areas,
19	collectibility of that receivable. And the	19	patients accounts receivable, reading up the
20	aging methodology is just one item that we 11:22:28	20	document? 11:24:20
21	would look at.	21	A. Yes.
22	So to indicate that the aging	22	Q. And it has an issue type which
23	methodology may be different from one year to	23	reads, Unadjusted Difference slash Error, is
24	the next doesn't lead to some sort of item that	24	that right?
25	I believe would find its way on to on to the 11:22:41	25	A. Yes. 11:24:27
	Page 99	l	Page 101
	· <b>3</b>	i	
1	_	1	Q. And then in the issue description,
1 2	SUD.	1 2	Q. And then in the issue description, I read, "To record additional bad debt reserve
2	SUD. Q. Mr. Buettner, I'm handing you now	i .	Q. And then in the issue description, I read, "To record additional bad debt reserve to compensate for the Delaware entities using
2 3	SUD. Q. Mr. Buettner, I'm handing you now an exhibit marked 4250 in this case. It is an	2	Q. And then in the issue description, I read, "To record additional bad debt reserve to compensate for the Delaware entities using final billed and last payment date for the A/R
2 3 4	SUD. Q. Mr. Buettner, I'm handing you now an exhibit marked 4250 in this case. It is an AHERF 6-30-97 work paper printed, to be fair to	2	Q. And then in the issue description, I read, "To record additional bad debt reserve to compensate for the Delaware entities using
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2 3 4 5 6 7 8 9	Q. Mr. Buettner, I'm handing you now an exhibit marked 4250 in this case. It is an AHERF 6-30-97 work paper printed, to be fair to you, from a version of the electronic database 11:23:05 CLASS.  You're familiar with the CLASS database?  A. Yes, I am. Q. I believe this to be a non final 11:23:15	2 3 4 5 6 7 8 9	Q. And then in the issue description, I read, "To record additional bad debt reserve to compensate for the Delaware entities using final billed and last payment date for the A/R agings." Did I read that right? 11:24:46 A. Yes. Q. Does it appear to you now, from looking at this one-page work paper preserved for us apparently by Mr. Carrabba, that at least in 1997 audit work somebody on the engagement team was talking about posting a SUD
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2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	SUD.  Q. Mr. Buettner, I'm handing you now an exhibit marked 4250 in this case. It is an AHERF 6-30-97 work paper printed, to be fair to you, from a version of the electronic database 11:23:05 CLASS.  You're familiar with the CLASS database?  A. Yes, I am. Q. I believe this to be a non final 11:23:15 version of the CLASS database that may have been preserved by someone named Carrabba or Carrabba or someone else, but that is my best guess.  You see this, though, as, at least 11:23:28 the face page, for an audit work paper in the CLASS system?  A. Yes, it looks like some sort of document that you would normally see in the CLASS system.  Q. It is marked as Exhibit 4250, just to make sure I said that?  A. Yes.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	Q. And then in the issue description, I read, "To record additional bad debt reserve to compensate for the Delaware entities using final billed and last payment date for the A/R agings." Did I read that right?  A. Yes.  Q. Does it appear to you now, from looking at this one-page work paper preserved for us apparently by Mr. Carrabba, that at least in 1997 audit work somebody on the engagement team was talking about posting a SUD entry or summary of unadjusted difference entry for the aging methodology change we've been discussing?  A. It appears that staff accountants at that time was going through an evaluation. Q. Let me hand you another exhibit. It's Exhibit 4251. You recognize this as another CLASS database version of a work paper, am I right, for the '97 audit?  11:25:30  A. Yes. Q. It here reads, it apparently was created by Miss Frazier, if the writing on the
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2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	SUD.  Q. Mr. Buettner, I'm handing you now an exhibit marked 4250 in this case. It is an AHERF 6-30-97 work paper printed, to be fair to you, from a version of the electronic database 11:23:05 CLASS.  You're familiar with the CLASS database?  A. Yes, I am. Q. I believe this to be a non final 11:23:15 version of the CLASS database that may have been preserved by someone named Carrabba or Carrabba or someone else, but that is my best guess.  You see this, though, as, at least 11:23:28 the face page, for an audit work paper in the CLASS system?  A. Yes, it looks like some sort of document that you would normally see in the CLASS system.  Q. It is marked as Exhibit 4250, just to make sure I said that?  A. Yes.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	Q. And then in the issue description, I read, "To record additional bad debt reserve to compensate for the Delaware entities using final billed and last payment date for the A/R agings." Did I read that right?  A. Yes.  Q. Does it appear to you now, from looking at this one-page work paper preserved for us apparently by Mr. Carrabba, that at least in 1997 audit work somebody on the engagement team was talking about posting a SUD entry or summary of unadjusted difference entry for the aging methodology change we've been discussing?  A. It appears that staff accountants at that time was going through an evaluation. Q. Let me hand you another exhibit. It's Exhibit 4251. You recognize this as another CLASS database version of a work paper, am I right, for the '97 audit?  11:25:30  A. Yes. Q. It here reads, it apparently was created by Miss Frazier, if the writing on the document is accurate, is that right?

	Page 102		Page 10-
1	Q. It appears she created it	1	document that is not yours?
2	December in December of '97. Is that right?	2	A. Other than the deposition exhibit
3	A. Yes.	3	stamp, I would say no.
4	Q. Fairly late in the audit process.	4	Q. Thank you.
5	We'll talk about it. But this was a fairly 11:25:51	5	Let me ask you the last question, 11:28:13
6	late issuance, report issuance here for AHERF,	6	preliminary question, is you don't doubt that
7	am I right?	7	you wrote these notes either on May 17th, 1996
8	A. Yes.	8	or right around there, is that fair to say?
9	Q. And at the top of the page,	9	A. It's probably a summary of a
10	someone, and I can't tell you that I know it's 11:26:02	10	meeting on the 17th of May. 11:28:27
11	Miss Frazier because I don't recall her	111	Q. Thank you.
12	testimony on this point off the top of my head,	12	A. These notes are my observations
13	has written, "Eliminate entry and evaluate	13	from that meeting.
14	against other reserves," and the issue is the	14	Q. So you would have written them
15	same set of figures regarding the bad debt 11:26:15	15	close in time to May 17th? 11:28:35
16	reserve as in Exhibit 4250. Is that right?	16	A. Yes.
17	A. It appears to be. I'm not sure if	17	Q. Thank you.
18	it is. But if those two the two numbers are	18	About the better way to put this
19	the same, so	19	would be to say, item .5 under the AHERF bullet
20	Q. Do you recall any conversations 11:26:27	20	points reads, "There are missed, in quotes, 11:28:45
21	with Miss Frazier or anybody else on the	21	contractuals. Patient accounting is aware of
22	engagement team in '97 about eliminating SUD	22	that. Are still in the system that have not
23	entries for this that otherwise had been	23	been removed."
24	proposed for this aging methodology change?	24	Let me try that again because I
25	A. No. 11:26:41	25	think I misaccented the phrase due to perhaps 11:28:59
	71.20.11	23	think I misaccented the philase due to perhaps 11.26.59
3			
	Page 103		Page 105
1	Q. Does seeing either one of these two	1	Page 105 my own grammar problems.
1 2	Q. Does seeing either one of these two	1 2	my own grammar problems.
1	Q. Does seeing either one of these two documents refresh your recollections about	2	my own grammar problems. I think it actually reads, "There
2	Q. Does seeing either one of these two documents refresh your recollections about discussing potential SUD entries for this aging	2 3	my own grammar problems.  I think it actually reads, "There are missed contractuals patient accounting is
2 3	Q. Does seeing either one of these two documents refresh your recollections about discussing potential SUD entries for this aging change in connection with your '96 work at	2 3 4	my own grammar problems.  I think it actually reads, "There are missed contractuals patient accounting is aware of that are still in the system that have
2 3 4	Q. Does seeing either one of these two documents refresh your recollections about discussing potential SUD entries for this aging change in connection with your '96 work at	2 3 4 5	my own grammar problems.  I think it actually reads, "There are missed contractuals patient accounting is aware of that are still in the system that have not been removed."  11:29:11
2 3 4 5	Q. Does seeing either one of these two documents refresh your recollections about discussing potential SUD entries for this aging change in connection with your '96 work at AHERF?  A. No.	2 3 4 5 6	my own grammar problems.  I think it actually reads, "There are missed contractuals patient accounting is aware of that are still in the system that have not been removed."  Did I read the sentence right?
2 3 4 5 6	Q. Does seeing either one of these two documents refresh your recollections about discussing potential SUD entries for this aging change in connection with your '96 work at AHERF? 11:26:59  A. No.  Q. We're going to flip back to 1996	2 3 4 5 6 7	my own grammar problems.  I think it actually reads, "There are missed contractuals patient accounting is aware of that are still in the system that have not been removed."  Did I read the sentence right?  A. Yes.
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2 3 4 5 6 7 8 9	Q. Does seeing either one of these two documents refresh your recollections about discussing potential SUD entries for this aging change in connection with your '96 work at AHERF? 11:26:59  A. No.  Q. We're going to flip back to 1996 again for a few more minutes.  I'm handing you, Mr. Buettner, Exhibit 4201. It is a document entitled AHERF 11:27:21	2 3 4 5 6 7 8 9 10	my own grammar problems.  I think it actually reads, "There are missed contractuals patient accounting is aware of that are still in the system that have not been removed."  Did I read the sentence right?  A. Yes.  Q. Did you prepare the document?  A. No, I did not.  Q. Then in the left-hand margin you 11:29:18 have written, '95 versus '96 question mark with
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2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	Q. Does seeing either one of these two documents refresh your recollections about discussing potential SUD entries for this aging change in connection with your '96 work at AHERF? 11:26:59  A. No. Q. We're going to flip back to 1996 again for a few more minutes.  I'm handing you, Mr. Buettner, Exhibit 4201. It is a document entitled AHERF 11:27:21 A/R Bullet Points with your handwriting on it, is that right?  A. That's correct. Q. You've dated your handwriting, or at least your signature, anyway, with the date 11:27:37 5-17-96, is that right?  A. Yes. Q. This would have been a part of preliminary field work or at least dated during the time period of preliminary field work 11:27:46 during the '96 audit; is that also right?  A. Yes, we're probably out there doing preliminary work during that period of time or	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	my own grammar problems.  I think it actually reads, "There are missed contractuals patient accounting is aware of that are still in the system that have not been removed."  Did I read the sentence right?  A. Yes.  Q. Did you prepare the document?  A. No, I did not.  Q. Then in the left-hand margin you 11:29:18 have written, '95 versus '96 question mark with a little arch around bullet point number five.  Am I right?  A. That's correct.  Q. Do you recall what the issue is 11:29:28 that is referred to in this sentence and why it is you wrote what you wrote in the margin next to it?  A. Well, contractual allowances or contractuals, as it's described here, are 11:29:41 basically reserves or items that should be reserved. If those are still sitting in the system and they have not been removed, then the
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	Q. Does seeing either one of these two documents refresh your recollections about discussing potential SUD entries for this aging change in connection with your '96 work at AHERF? 11:26:59  A. No. Q. We're going to flip back to 1996 again for a few more minutes.  I'm handing you, Mr. Buettner, Exhibit 4201. It is a document entitled AHERF 11:27:21 A/R Bullet Points with your handwriting on it, is that right?  A. That's correct. Q. You've dated your handwriting, or at least your signature, anyway, with the date 11:27:37 5-17-96, is that right?  A. Yes. Q. This would have been a part of preliminary field work or at least dated during the time period of preliminary field work 11:27:46 during the '96 audit; is that also right?  A. Yes, we're probably out there doing preliminary work during that period of time or starting preliminary work.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	my own grammar problems.  I think it actually reads, "There are missed contractuals patient accounting is aware of that are still in the system that have not been removed."  Did I read the sentence right?  A. Yes.  Q. Did you prepare the document?  A. No, I did not.  Q. Then in the left-hand margin you 11:29:18 have written, '95 versus '96 question mark with a little arch around bullet point number five.  Am I right?  A. That's correct.  Q. Do you recall what the issue is 11:29:28 that is referred to in this sentence and why it is you wrote what you wrote in the margin next to it?  A. Well, contractual allowances or contractuals, as it's described here, are 11:29:41 basically reserves or items that should be reserved. If those are still sitting in the system and they have not been removed, then the question is is the client's processing as clean
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	Q. Does seeing either one of these two documents refresh your recollections about discussing potential SUD entries for this aging change in connection with your '96 work at AHERF? 11:26:59  A. No. Q. We're going to flip back to 1996 again for a few more minutes.  I'm handing you, Mr. Buettner, Exhibit 4201. It is a document entitled AHERF 11:27:21 A/R Bullet Points with your handwriting on it, is that right?  A. That's correct. Q. You've dated your handwriting, or at least your signature, anyway, with the date 11:27:37 5-17-96, is that right?  A. Yes. Q. This would have been a part of preliminary field work or at least dated during the time period of preliminary field work 11:27:46 during the '96 audit; is that also right?  A. Yes, we're probably out there doing preliminary work during that period of time or	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	my own grammar problems.  I think it actually reads, "There are missed contractuals patient accounting is aware of that are still in the system that have not been removed."  Did I read the sentence right?  A. Yes.  Q. Did you prepare the document?  A. No, I did not.  Q. Then in the left-hand margin you 11:29:18 have written, '95 versus '96 question mark with a little arch around bullet point number five.  Am I right?  A. That's correct.  Q. Do you recall what the issue is 11:29:28 that is referred to in this sentence and why it is you wrote what you wrote in the margin next to it?  A. Well, contractual allowances or contractuals, as it's described here, are 11:29:41 basically reserves or items that should be reserved. If those are still sitting in the system and they have not been removed, then the

	Page 114	,	Page 116 O. If it included accounts that were
1	your industry experience?	1	Q. If it included accounts that were still outstanding at the time he took his
2	A. Yes.	2	measurement, Mr. Kaliszewski, that is, would
3	Q. What was that view?	3	
4	A. 60 percent is low.	4	you have been as confident in the accuracy or the importance of the outcome of the study? 11:58:44
5	Q. What was 11:56:19	5	, , , , , , , , , , , , , , , , , , ,
6	A. Was low.	6	MR. RYAN: Objection.
7	Q. What would have been a common or	7	A. I'm not sure if I understand your
8	more average, in your view, in your experience	8	question.
9	from that time period, the mid 90s, percentage	9	Q. Do you think if he had included in his study in these two columns accounts that 11:58:57
10	of first-run correctness? 11:56:30	10	his study in these two columns accounts that 11:58:57 were not yet paid but still outstanding at the
11	A. I can't put an exact figure on it,	11	time, that would have skewed the result in any
12	but the 60s should have been 90, let's say, or	12 13	way?
13	perhaps even higher.	14	MR. RYAN: Objection.
14	Q. Let me ask you to flip to page three of the report, which is a page that ends 11:56:46	15	A. Well, I I don't know. I mean, I 11:59:07
15		16	would have to look at the level of deviation,
16	in 429 in the Bates numbering system.	17	if you will, if that were the case.
17	Are you with me?	18	Q. Would that well, strike that.
18	A. Yes. Q. The chart here attempts to depict	19	If it had been that Mr. Kaliszewski
19	Q. The chart here attempts to depict what, as you understand it? 11:57:08	20	included in these two columns accounts that had 11:59:39
20	A. As indicated above the chart, I	21	not been paid but were still outstanding at the
21 22	mean, there are certain parameters or he calls	22	time he took his measurements, it's fair to say
23	indicators, certain measurement parameters that	23	that some of those accounts may never have been
23 24	would highlight bills being sent out the door,	24	paid, is that because in eventuality
25	if you will, submitted to the insurers or being 11:57:26	25	sometimes accounts aren't paid? 11:59:54
25	il you will, submitted to the insurers of being 11.57.25		
	Page 115		Page 117
1	paid or how long it takes to get paid. He's	1	MR. RYAN: Objection.
2	trying to compare that to some sort of best	2	A. That's possible.
3	practices level that he includes on the bottom	3	Q. It wouldn't then have been a delay
4	of the chart.	4	in payment issue for those accounts, but it may
5	Q. In the sections or the columns, 11:57:42	5	have just been simply a nonpayment issue that 12:00:04
6	rather, where he includes has the the	6	was causing the data to come out the way it
7	columns that he heads with the phrases bill to	7	came out?
8	pay and discharge to pay, do you see those two?	8	MR. RYAN: Objection.
9	A. Yes.	9	A. Well, again, you would have to
10	Q. Do you know as you sit here today 11:57:54		determine why the payment was not made. Was 12:00:16
11	if the figures set forth in those columns that	11	the payment not made because it was a self-pay
12	are so headed include only the accounts that	12	and there was true credit risk? Was a payment
13	had been paid at the time he was doing his	13	not made because the registration process was
14	study as opposed to accounts that were still	14	incorrect and as a result they were not able to get the correct information? 12:00:29
15	outstanding? 11:58:08	15	get the correct information? 12:00:29  I mean, you have nominal credit
16	A. My understanding would only be	16	risk when dealing with third-party insurers,
17	those that have actually been paid.	17 18	Medicare or Medicaid.
18	Q. Do you recall as you sit here today	19	So the fact that you're not being
19	confirming that with him one way or the	20	paid is either an eligibility issue or you 12:00:44
20	another? 11:58:19	21	simply can't get it right. So we would have to
21	A. I may have. Reading that, that's	22	determine the reason for the nonpayment.
22	my assumption. We may have talked about it	23	actermine the reason for the honpayments
23	because I looked at an earlier draft, but I	•	(Thereupon Denocition
24	don't recall a specific discussion with him	24 25	(Thereupon, Deposition. Exhibit 4460 was marked for
25	about it. 11:58:30		Evhibit 4460 was marked for

30 (Pages 114 to 117)

1 purposes of identification.) 2	**IIIIC	III I . Duettiici			
1		Page 118			Page 120
2 Q. That would be the same for '96? 3 Q. Mr. Buettner, we've handed you a new exhibit which is marked — could you give me — the number for me? 12:01:23 6 A. 4460. 7 Q. Thank you. 4460. 8 Do you recall seeing this document 9 before today? 10 A. I recall seeing a document similar 11 to this. I don't know if it's the exact 11 document that I have in front of me, but I 12 romember seeing spreadsheets, if you will, that 14 look familiar to this — or similar to this. 15 Q. Do you know what this schedule 16 attempts to reflect? 17 A. Well, I can only — I can only 18 assume because it's really not dated. I mean, 19 Norb prepared schedules similar to this when 19 doing his study in both '96 and '97. I don't 21 know if this relates to '96 or '97. I'm not 22 sure if he prepared it or if's somebody from 23 AHERF copied the format and did their own 24 study. 25 Q. But you believe this to be a part 26 not sure these are his schedules or if somebody from AHERF, for instance, did their own 27 from AHERF, for instance, did their own 28 and used his format. I don't know. 29 Q. Thank you. 30 Q. — in any event? 4 A. No, I said I believe he prepared — 5 he prepared schedules similar to this, but I'm 5 not sure these are his schedules or if somebody from AHERF, for instance, did their own 28 for you can put that one aside. 12:02:37 11 In performing your work in '95, we would have looked at subsequent events. 13 receivable at AHERF, did you or those on your 29 engagement team review historical data, 12:03:29 16 A. Well, we, during our work in '95, we would have looked at subsequent events. 18 '96, we would have looked at subsequent events. 19 Go. Subsequent events bin '95 would have 20 g. Subsequent events in '95 would have 21 of the receivable at an earlier date. 22 Q. Subsequent events in '95 would have 23 been some period of weeks or months post close 24 of the fiscal your '96 audit of accounts 25 G. Do you recall referring to the historical collections data? 26 not sure free prepared in the first part of the receivable at an oun	1	_	1	eight weeks, let's say.	
Q. Mr. Buettner, we've handed you a 4 new exhibit which is marked — could you give 5 me — the number for me? 6 A. 4460. 8 Do you recall seeing this document 9 before today? 10 A. I recall seeing a document similar 11 to this. I don't know if it's the exact 11 to this. I don't know if it's the exact 12 document that I have in front of me, but I 13 remember seeing spreadsheets, if you will, that 14 look familiar to this — or similar to this. 15 Q. Do you know what this schedule 13 attempts to reflect? 17 A. Well, I can only — I can only 18 assume because it's really not dated. I mean, 19 Norb prepared schedules similar to this when 20 doing his study in both '96 and '97. I don't 21 know if this relates to '96 or '97. I'm not 22 sure if he prepared it or if somebody from 23 AHERF copied the format and did their own 24 study. 25 Q. But you believe this to be a part 26 No. 27 Q. — in any event? 28 A. No. 38 Q. — in any event? 4 A. No, I said I believe he prepared — 5 he prepared schedules similar to this, but I'm 29 Q. — in any event? 4 A. No, I said I believe he prepared — 5 he prepared schedules similar to this, but I'm 29 Q. Thank you. 30 Q. — in any event? 40 A. Well, we, during our work in 195, instorical collections data? 31 You told me that as a matter of historical collections data? 32 You can put that one aside. 33 You would have looked at subsequent events. In 1956 well and have looked at subsequent events. In 1956, we would have looked at subsequent events. In 1956, we would have looked at subsequent events. In 1956, we would have looked at subsequent events. In 1956, we would have looked at subsequent events. In 1956, we would have looked at subsequent events. In 1956, we would have looked at subsequent events. In 1956, we would have loo		parposes of rachamoudomy			
4 new exhibit which is marked — could you give 5 me — the number for me? 6 A. 4460. 7 Q. Thank you. 4460. 8 Do you recall seeing this document 9 before today? 10 A. I recall seeing a document similar 12:01:35 11 to this. I don't know if it's the exact 12 document that I have in front of me, but I 13 remember seeing spreadsheets, if you will, that 14 look familiar to this — or similar to this. 15 Q. Do you know what this schedule 16 attempts to reflect? 17 A. Well, I can only — I can only 18 assume because it's really not dated. I mean, 19 Norb prepared schedules similar to this when 19 doing his study in both 96 and '97. I don't 21 know if this relates to '96 or '97. I'm not 22 sure if he prepared to if is somebody from 23 AHERF copied the format and did their own 24 study, 25 Q. But you believe this to be a part 26 not sure these are his schedules or if somebody 27 from AHERF, for instance, did their own study 38 and used his format. I don't know. 9 Q. Thank you. 19 Thank you. 10 You can put that one aside. 10 I performing your work in '95. 11 In performing your work in '96 audy or those on your engagement team review historical collections data? 12 in performing your work in '95. 13 receivable at AHERF, did you or those on your engagement team review historical collections data, 12:03:49 11 In performing your work in '95. 12 would have looked at subsequent events. In '96, we would have looked at subsequent events. In '96, we would have looked at subsequent events. In '96, we would have looked at subsequent events. In '96, we would have looked at subsequent events. In '96, we would have looked at subsequent events. In '96, we would have looked at subsequent events. In '96, we would have looked at subsequent events. In '96, we would have looked at subsequent events. In '96, we would have looked at subsequent events. In '96, we would have looked at subsequent events. In '96, we would have looked at subsequent events. In '96, we would have looked at subsequent events. In '96, we would have looked at subsequent ev		O Mr. Buettner welve handed you a			
s me the number for me?  A. 4460. B. Do you recall seeing this document before today?  10 A. I recall seeing a document similar 11 to this. I don't know if it is the exact 12:00-143  13 remember seeing spreadsheets, if you will, that 14 look familiar to this - or similar to this. 15 Q. Do you know what this schedule 16 attempts to reflect? 17 A. Well, I can only I can only 18 assume because it's really not dated. I mean, 19 Norb prepared schedules similar to this when 20 doing his study in both '96 and '97. I don't 21 know if this relates to '96 or '97. I'm not 22 sure if he prepared it or if somebody from 23 AHERF copied the format and did their own 24 study. 25 Q. But you believe this to be a part 27 A. No. 3 Q. —in any event? 4 A. No, I said I believe he prepared 5 he prepared schedules similar to this, but I'm 12:02:38 6 not sure these are his schedules or if somebody 10 from AHERF, for instance, did their own study 11 and used his format. I don't know. 12 Q. Thank you. 13 receivable at AHERF, did you or those on your 14 engagement team review historical data, 15 historical collections data? 15 historical collection with the '96 audit someone on your 16 engagement team revents in '96 would have been four to eight with the '96 audit work, 12:00 15 from AHERF, for instance, if their own study 26 Q. Thank you. 27 You told me that as a matter of 1 historical collections data, you believe in connection with the '96 audit someone on your engagement team revents testing. Is 12:04:58 11 to file the format and did their own study 12 designed the format and side their own study 13 receivable at AHERF, did you or those on your engagement team revents testing. Is 12:04:58 15 or the many prior time period? 16 from AHERF, for instance, did their own study 17 A. No, I said 1 believe he prepared 18 he prepared schedules similar to this, but I'm 12:02:30 15 from the prepared schedules or if somebody 16 from AHERF, for instance, did their own study 17 A. No, I said 1 believe he prepared 18 he prepared schedule	1				
6 A. 4460. 7 Q. Thank you. 4460. 8 Do you recall seeing this document 9 before today? 10 A. I recall seeing a document similar 12:01:35 11 to this. I don't know if it's the exact 12 document that I have in front of me, but I 13 remember seeing spreadsheets, if you will, that I 14 look familiar to this. — or similar to this. 15 Q. Do you know what this schedule or idea attempts to reflect? 17 A. Well, I can only — I can only 18 assume because it's really not dated. I mean, look prepared schedules similar to this when odoing his study in both '96 and '97. I don't 12:02:15 18 AHERF copied the format and did their own study 25 Q. But you believe this to be a part 12:02:30 27 I and you believe this to be a part 12:02:30 28 and used his format. I don't know. 3 Q. — in any event? 4 A. No, I said I believe he prepared — he prepared schedules similar to this, but I'm 12:02:38 3 not sure these are his schedules or if somebody from AHERF, for instance, did their own study and used his format. I don't know. 9 Q. Thank you. 10 You can put that one aside. 12:02:57 11 In performing your work in 12:02:31 12 connection with the '96 audit of accounts 13 receivable at AHERF, did you or those on your engagement team review historical data, 15 historical collections data? A lon, no, no, I'm sorry, 9 Q. Then correct me, please. 12 Q. Subsequent events being defined as cash coming 10 in after the fact that would support the value 12:03:49 16 A. Well, we quiring our work in '95, we would have looked at subsequent events. In 18 '96, we would have looked at subsequent events. 19 Subsequent events being defined as cash coming 10 in after the fact that would support the value 12:03:49 16 of the receivable at an earlier date. I receivable as an ear	4				12:04:15
7 Page 119 7 Q. Thank you. 4460. 8 Do you recall seeing this document 9 before today? 10 A. I recall seeing a document similar 12:01:35 11 to this. I don't know if it's the exact 12 document that I have in front of me, but I 13 remember seeing spreadsheets, if you will, that 14 look familiar to this or similar to this. 15 Q. Do you know what this schedule 12:01:48 16 attempts to reflect? 17 A. Well, I can only I can only 18 assume because it's really not dated. I mean, 19 Norb prepared schedules similar to this when doing his study in both '96 and '97. I don't 21:02:15 12 sure if he prepared it or if somebody from 23 AHERF copied the format and did their own 24 study. 15 Q. But you believe this to be a part 12:02:30 16 Norb's work product 2 A. No. 1 said I believe he prepared 5 he prepared schedules similar to this, but I'm 12:02:38 16 not sure these are his schedules or if somebody from 34 A. No, I said I believe he prepared 5 he prepared schedules similar to this, but I'm 12:02:38 16 not sure these are his schedules or if somebody from AHERF, for instance, did their own study 8 and used his format. I don't know. 9 Q. Thank you. 10 You can put that one aside. 12:02:57 11 In performing your work in 12 connection with the '96 audit of accounts 13 receivable at AHERF, did you or those on your engagement team review historical data, 15 historical collections data? 12:03:29 16 A. Well, we, during our work in 195, we would have looked at subsequent events. In 196, we would have looked at subsequent events. In 1976, we would have looked at subsequent events. In 1976, we would have looked at subsequent events. In 1976, we would have looked at subsequent events. In 1976, we would have looked at subsequent events. In 1976, we would have looked at subsequent events. In 1976, we would have looked at subsequent events. In 1976, we would have looked at subsequent events. In 1976, we would have looked at subsequent events in '95 would have looked at subsequent events in '95 would have looked at subsequent even	5	me the number for me? 12:01:23			12.04.13
before today?  1	6	A. 4460.	6		
B Do you recall seeing this document 9 before today? 10 A. I recall seeing a document similar 11 to this. I don't know if it's the exact 12 document that I have in front of me, but I 13 remember seeing spreadsheets, if you will, that 14 look familiar to this. or similar to this. 15 Q. Do you know what this schedule 16 attempts to reflect? 17 A. Well, I can only – I can only 18 assume because it's really not dated. I mean, 19 Norb prepared schedules similar to this when 19 doing his study in both '96 and '97. I don't 20 suse if he prepared it or if somebody from 21 study. 22 Supe if he prepared to it or if somebody 23 AHERF copied the format and did their own 24 study. 25 Q. But you believe this to be a part 26 No. 1 and yevent? 27 A. No. 2 Q. D in any event? 38 AN No. 3 said I believe he prepared – 49 A. No, I said I believe he prepared – 50 he prepared schedules similar to this, but I'm 25 Q. Thank you. 26 Thank you. 27 A. No. 3 Q. — in any event? 38 and used his format. I don't know. 39 Q. Thank you. 30 Q. Thank you. 31 In performing your work in 32 concection with the '96 audit of accounts are review historical data, historical collections data for any prior time period? 4 A. No, I said I believe he prepared – 5 he prepared schedules similar to this, but I'm 6 romember seeing spreadsheets, if you will, that is before the four to six or eight weeks after the dose of the '95 fiscal year' data from any prior time period? 21 MR. RYAN: Objection. 22 A. No. 23 AHERF copied the format and did their own study and used his format. I don't know. 4 Subdy. 5 Q. But you believe this to be a part 4 Do No I said I believe he prepared – 5 he prepared schedules similar to this, but I'm 6 Connection with the '96 audit and form any prior time period? 6 No RRYAN: Objection. 7 You told me that as a matter of 2 historical collections data, you believe in 3 connection with the '96 audit the '95 audit formation in the '96 audit the '95 audit formation in the '96 audit have '96 audit formation in the '96 audit have '96 audit formati	7	Q. Thank you. 4460.	7		
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10 A. I recall seeing a document similar 12:01:35 11 to this. I don't know if it's the exact 12 document that I have in front of me, but I 13 remember seeing spreadsheets, if you will, that 14 look familiar to this - or similar to this. 15 Q. Do you know what this schedule 16 attempts to reflect? 17 A. Well, I can only I can only 18 assume because it's really not dated. I mean, 19 Norb prepared schedules similar to this when 20 doing his study in both '96 and '97. I' don't 21 know if this relates to '96 or '97. I'm not 22 sure if he prepared it or if somebody from 23 AHERF copied the format and did their own 24 study. 25 Q. But you believe this to be a part 26 Don't have because it's really not dated. I mean, 27 A. No. 28 Don't dated. I mean, 29 Norb prepared schedules similar to this when 29 Og. But you believe this to be a part 20 doing his study in both '96 and '97. I' don't 21 know if this relates to '96 or '97. I'm not 22 sure if he prepared it or if somebody from 23 AHERF copied the format and did their own 24 study. 25 Q. But you believe this to be a part 26 On You believe this to be a part 27 On Norb's work product 28 A. No. 39 Q in any event? 4 A. No, I said I believe he prepared 5 he prepared schedules similar to this, but I'm 12:02:38 6 not sure these are his schedules or if somebody 27 from AHERF, for instance, did their own study 28 and used his format. I don't know. 29 Q. Thank you. 20 Q. Thank you. 21 Thank you. 22 You told me that as a matter of 22 historical collections data, you believe in connection with the '96 audit of accounts 23 receivable at AHERF, did you or those on your 24 ergagement team review historical data, 25 In performing your work in 26 you can put that one aside. 27 Page 119 28 You told me that as a matter of 28 historical collections data, you believe in connection with the '96 audit of accounts 29 A. No. 20 Thank you. 21 You told me that as a matter of 22 historical collections data, you believe in connection with the '96 audit of accounts 29 A. Reference of the	1	•	9	weeks of subsequent events testing that took	
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15 historical collections data?  16 A. Well, we, during our work in '95, 17 we would have looked at subsequent events. In 18 '96, we would have looked at subsequent events. 19 Subsequent events being defined as cash coming 20 in after the fact that would support the value 12:03:44 21 of the receivable at an earlier date. 22 Q. Subsequent events in '95 would have 23 been some period of weeks or months post close 24 of the fiscal year '95, is that right?  16 We're attempting to gain some sort 17 of comfort on the collectibility or what we 28 call the NRV, net realizable value, of patient 29 receivables as of June 30, '96. 20 Q. This is as a part of your '96 audit 12:05 work? 21 work? 22 A. Yes, sir. 23 One thing that we would look at then is we would look at collection activity in	14	engagement team review historical data,		43.05	
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21 of the receivable at an earlier date. 22 Q. Subsequent events in '95 would have 23 been some period of weeks or months post close 24 of the fiscal year '95, is that right?  21 work? 22 A. Yes, sir. 23 One thing that we would look at 24 then is we would look at collection activity in		in after the fact that would support the value 12:03:44		•	12:05:44
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12:0F:E/			24	then is we would look at collection activity i	n
25 / 11 / 11 / 12 / 12 / 12 / 12 / 12 /			25		

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1	applied by the client at these hospitals, these	1	Q. In other words, you gave in any
2	eastern area or Philadelphia area hospitals, in	2	event, though, you believe in that meeting you
3	your experience?	3	gave Mr. McConnell a package of documents?
4	MR. RYAN: Objection.	4	A. Yes, documents or schedules, yes.
5	A. No, I did not. I mean, I wasn't 12:20:15	5	Q. One of which may have been this 12:22:18
6	looking at the percentages, per se. I'm	6	schedule?
7	looking at the methodology. There's a	7	A. Yes.
8	difference between the methodology that AGH	8	Q. But you can't tell me with
9	followed and just applying percentages.	9	certainty that you gave him this document, is
10	Q. So you weren't looking at the 12:20:32	10	that fair to say? 12:22:27
11	percentages?	11	A. We're talking again this document
12	A. No. We applied what I would call	12	with the numbers written on it?
13	the AGH methodology, which which, by the	13	Q. At least that much. I understand
ı	way, in this particular case, was we used	14	there's also handwriting on it.
14 15	the AGH percentages because we were trying to 12:20:42	15	A. I don't know if he ever saw this 12:22:39
1	create parameters. But as I had indicated,	16	document with the handwriting on it.
16	there are a wide variety of other items that	17	Q. Separate and apart from the
17	you would have to consider in making some sort	18	handwriting?
18	of assessment on the adequacy of the reserves	19	A. Yes, I'm sure I'm sure that we
19	and so on. You just wouldn't attach numbers 12:20:56	20	discussed this with him and I believe he had a 12:22:49
20		21	copy of it.
21	into a formula.	22	Q. Was there any reason you chose AGH
22	Q. But this schedule, that formula is	23	over any other hospital as the hospital whose
23	merely calculated by applying the AGH	24	percentages would be applied?
24	percentages, is that right?  A Yes The difference column that we 12:21:08	25	MR. RYAN: Objection. 12:23:05
25	A. Yes. The difference column that we 12:21:08	23	Pik. Kizik. Objection.
-	Page 135		Page 137
١.		1	Q. Allegheny General Hospital.
1 1	talked about is simply the math.  Q. Of taking percentages from AGH and	2	A. Well, I had experience with the
2	<ul> <li>Q. Of taking percentages from AGH and applying to the aged bucket receivables at</li> </ul>	3	Allegheny methodology. They had been following
3	these eastern area hospitals?	4	that methodology for at least three or four
4	10.01.00	5	years. Management in the west was comfortable 12:23:20
5	711	6	with it. They believed it was a very
6	<ul><li>Q. Thank you.</li><li>Do you recall discussing this with</li></ul>	7	conservative methodology. So I felt that that
7	DO YOU recall discussing this with	8	was one way of comparing the east versus west.
8	AHERF as a part of your '95 audit work, that	9	Q. This AGH methodology, as you
9	this calculation had been performed, this	10	understood it in this time frame, was a 12:23:37
10	application of percentages	11	methodology by which buckets of aged
11		12	receivables or groups of aged receivables for
12	The state of the s	13	various periods of time from a start date had a
13		14	percentage applied to them to generate an
14	that I mentioned I had with McConnell, Mark and	15	allowance for doubtful accounts, is that fair 12:23:57
15	I had with McConnell for '95. 12:21:44	16	to say?
16		17	A. Yes, that's probably one piece of
17	actually done this math or did you just share	18	the way I would describe it.
	with him your comments about the status of the	19	Q. Did the eastern hospitals generate
18		1	12,24,06
19		1 20	CICH CITTI CHOIL GHOTTAINCE II, GIO BAILLE TOP/
19 20	A. No, I think we gave him everything 12:21:55	20	
19 20 21	A. No, I think we gave him everything 12:21:55 that Mark prepared.	21	least, at year-end?
19 20 21 22	A. No, I think we gave him everything 12:21:55 that Mark prepared. Q. What do you mean by that?	21 22	least, at year-end?  A. Not all of them.
19 20 21 22 23	A. No, I think we gave him everything 12:21:55 that Mark prepared. Q. What do you mean by that? A. Well, there was this schedule and I	21 22 23	least, at year-end? A. Not all of them. Q. Which ones did not?
19 20 21 22	A. No, I think we gave him everything 12:21:55 that Mark prepared. Q. What do you mean by that? A. Well, there was this schedule and I believe there were a few other schedules, if	21 22	least, at year-end?  A. Not all of them.  Q. Which ones did not?  A. I can't remember exactly. I

35 (Pages 134 to 137)

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	Page 138		Page 140
1	but I believe that's the case.	1	AFTERNOON SESSION commencing at 1:26 p.m.
2	Q. But you believe the rest did	2	THE VIDEOGRAPHER: We're
3	generate the allowance by a percentage	3	back on the record at 1:35.
4	application to aged buckets of receivables?	4	Q. Mr. Buettner, I'm handing you now
	A. I'm not sure of that exactly. 12:24:28	5	what has been previously marked in this case as 12:44:22
5	, ,	6	Exhibit 1448, which I think you'll tell me upon
6	Q. Do you recall how you think that	7	a review is a letter from Mr. Kirstein to Mr.
7	those two hospitals that you mentioned		Morrison at AHERF dated September 11, 1995.
8	generated their client reserve as you sit here	8	· · · · · · · · · · · · · · · · · · ·
9	today?	9	Does it appear to be that to you
10	MR. RYAN: In 1995? 12:24:43	10	and it has some attachments? 12:44:39
11	MR. JONES: Yes.	11	A. Yes.
12	A. I want to say that it was my	12	Q. I am particularly interested with
13	understanding that both had used the	13	respect to the references to the AGH
14	methodology in prior years based on self-pay	14	application issue we've been discussing, which
15	collection or self-pay receivable levels. 12:24:56	15	is discussed in the second paragraph of the 12:44:50
16	The reason that was done is that this reserve	16	memo. Would you read that read as much of
17	was measuring credit risk and preponderance of	17	the letter as you like, but it's the second
18	your credit risk is sitting in self-pay.	18	paragraph that I'm going to be asking you a
19	Q. And be that as it may, whether the	19	question about it, and would you let me know
20	total receivable in their buckets was one that 12:25:13	20	when you're finished. 12:45:26
21	only listed self-pay, do you recall that those	21	A. Okay.
22	hospitals also applied a percentage to it?	22	<ul> <li>Q. Do you recall reviewing this memo</li> </ul>
23	A. I can't recall I just don't	23	before today or this letter before today?
24	recall. I simply cannot remember.	24	A. Yes.
25	Q. Do you recall that it was proposed, 12:25:34	25	Q. Do you recall reviewing it in 12:45:33
	Page 139		Page 141
1	at least, that your engagement team perform the	1	connection with its dispatch by Mr. Kirstein
2	same kind of analysis, that is applying the AGH	2	and Mr. Morrison, that is around the time that
3	percentages to the receivable balances at other	3	it left Mr. Kirstein's office?
4	AHERF hospitals in connection with its '96	4	A. Yes, I believe I received a copy of
5	AHERF audit work? 12:25:59	5	it either before or right after Mark mailed it 12:45:46
6	MR. RYAN: Objection.	6	to Chuck Morrison.
7	A. Do I recall proposing that?	7	Q. Thank you.
L		8	In particular, like I mentioned, I
8 9	Q. Yes. A. I never proposed that, no, sir.	9	would like to ask you about the second
I -	12:20:41	10	paragraph, and even in more particularity, the 12:46:00
10	Q. The question was more general. Do 12:26:11 you recall that it was proposed?	11	last couple of sentences that read, I believe,
11	A. I do not recall.	12	"In order to analyze the potential adjustment,
12	MR. JONES: Let us break here for	13	· · · · · · · · · · · · · · · · · · ·
13		14	of the hospital's agings and identified what
14	lunch. How about we try to come back about	15	the adjustment would entail under this 12:46:15
15	1:30?	1	premise."
16	MR. RYAN: Good.	16	Do you see that?
1 4-		17	•
17	THE VIDEOGRAPHER: Going off the	1 10	A TPS. LUO.
18	record at 12:26.	18	·
18 19	record at 12:26.	19	Q. Then the concluding sentence for
18 19 20		19 20	Q. Then the concluding sentence for the paragraph reads, "While this is 12:46:22
18 19 20 21	record at 12:26.	19 20 21	Q. Then the concluding sentence for the paragraph reads, "While this is 12:46:22 conservative and would be slightly offset by
18 19 20 21 22	record at 12:26.	19 20 21 22	Q. Then the concluding sentence for the paragraph reads, "While this is 12:46:22 conservative and would be slightly offset by unapplied PIP cash, we believe that it supports
18 19 20 21	record at 12:26.	19 20 21 22 23	Q. Then the concluding sentence for the paragraph reads, "While this is 12:46:22 conservative and would be slightly offset by unapplied PIP cash, we believe that it supports the conclusion that the reserve should be
18 19 20 21 22	record at 12:26.	19 20 21 22 23 24	Q. Then the concluding sentence for the paragraph reads, "While this is 12:46:22 conservative and would be slightly offset by unapplied PIP cash, we believe that it supports the conclusion that the reserve should be enhanced."
18 19 20 21 22 23	record at 12:26.	19 20 21 22 23	Q. Then the concluding sentence for the paragraph reads, "While this is 12:46:22 conservative and would be slightly offset by unapplied PIP cash, we believe that it supports the conclusion that the reserve should be enhanced."

36 (Pages 138 to 141)

wıllıa	m F. Buettner		
	Page 142		Page 144
1	well?	1	mitigate for raising it or holding it more
2	A. Yes.	2	steady?
3	Q. My question is, you have Mr.	3	MR. RYAN: Objection.
4	Kirstein has apparently written here that the	4	Q. Let me see if I can fix my
5	AGH the application of the AGH reserve 12:46:50	5	apparently objectionable question. 12:49:22
6	percentages to the other hospitals identified	6	Would it mitigate either way the
7	or helped identify what adjustment would be	7	PIP application issue?
8	made to the bad debt reserve at these hospitals	8	A. It would reduce the reserve
9	in 1995.	9	requirements and that is because, in effect,
10	Do you recall if it was that 12:47:05	10	you've collected cash. Since the client was 12:49:31
11	application process and the math that resulted	11	behind in the application of the cash payment
12	from it that helped pick what the amount of the	12	to the detailed accounts receivable records,
13	enhancement or increase to the reserve would	13	you would have receivables listed on the detail
14	be, the dollar amount?	14	in the aging that had already been collected.
15	MR. RYAN: Objection. 12:47:20	15	And by applying any method, whether it's the 12:49:46
16	A. No, I would not agree with that. I	16	AGH methodology or any other methodology, if
17	believe I testified earlier that we applied the	17	you're applying a reserve against a portfolio
18	methodology in an effort to establish some sort	18	of receivables and some of those receivables
19	of parameter. But there were a variety of	19	have been collected, you're going to overstate
20	other factors that we considered in concluding 12:47:37	20	the reserves if you don't pull those 12:50:03
21	exactly what the level of reserve enhancement	21	receivables out.
22	should be.	22	Of course, AGH basically was not on
23	Q. What were the other factors, if you	23	PIP or, if they were on PIP, the amounts were
24	recall them today?	24	very, very small. So that's one of the items
25	MR. RYAN: In 1995? 12:47:45	25	that we had to consider. 12:50:20
		<u> </u>	
	Page 143		Page 145
1	MR. JONES: Yes.	1	Another critical issue was the
2	Q. The other factors that allowed	2	environment in which the east was operating on versus the west, if I can use those terms.
3	or that helped you conclude that the amount of	3	
4	the enhancement or increase would be for '95.	5	Q. You mean the eastern A. The east being the Hahnemanns, 12:50:31
5	A. Well, there were a number of items. 12:47:54	6	MCP's where we're trying to access the reserve
6	I think Mark indicated a few of them either	7	adequacy versus the west, which is Allegheny.
7	here or in the document that we looked at	8	The Allegheny processing of
8	before lunch. One is the level of the	9	receivables, while not perfect, was handled in
9	overall level of reserve to total receivables  just appeared low in '95 before the adjustment, 12:48:18	10	a much better format than the processing in the 12:50:54
10	Just appeared low in 35 person and any	11	east.
11	which led us to believe that some sort of	12	You did not have the people drain,
12	adjustment would be necessary. So what would we look at? We're using the AGH methodology to	13	if you will, to staff reductions that occurred
13		14	in the east. That did not replicate itself in
14	help, as I indicated, establish parameters.  But there are a number of other things we 12:48:35	15	the west due to the centralization. 12:51:11
15	but there are a riamber of care.	16	
16	looked at. You made reference to unapplied PIP	17	
17	cash. PIP, I believe, stands for PIP, periodic	18	
18	interim payment. The organization had a large	19	
19	balance in that account, which is an indication 12:48:54	20	10 51 06
20	that cash was collected by the organization but	21	
22	not applied to the detailed accounts receivable	22	· · · · · · · · · · · · · · · · · · ·
12/		23	
23	records.  O So which way would that mitigate	24	percentages to aging buckets, in Allegheny's
	Q. So which way would that mitigate with respect to the allowance; would that 12:49:13	24 25	

vewuld be classified in the zero to 30 category and then presumably by the time it this 90 days it would be collected, perhaps 120 days if it's a stay.  In the east, because as we had 12:52:01 because of the processing problems that we've talked about and the rejections that ocur, a clean claim may not go out until the 90-day time period, in effect.  So where Allegheny is billing 12:52:18 11 Medicare or Blue Cross or Medical Assistance or or some commercial insurer, hoping to collect rise for some commercial insurer, hoping to collect rise for some commercial insurer, hoping to collect rise for some sort of loss porcessing schedule, in the east, you're adding rise probably 60 days before you're getting some sort of clean claim the east, you're adding rise probably 60 days before you're getting some sort of clean claim because of clean coming out with an overall evaluation.  Q. Which way did that mitigate? Q. Which way did that mitigate? A. That would reduce the reserve requirement as well.  That would reduce the reserve requirement as well.  A. Well, as I indicated, a receivable sitting in the 60-day or 90-day category or AGH would have different attributes than a receivable that's stiting in a similar category out east because a clean claim out east may not of have been generated until the 90-day or 12:53:13 is system — now, that doesn't happen all the time, obviously. But as a rule of thumb, there were a higher level of rejects in the east versus the west.  Q. My question then is, isn't it also 12:53:45 the case, however, that this missed — this misphenomenon on first-runs or this ability to get out clean claim ont cast fit the requirements of the receivable requirements, would requirements, would requirement as well.  Page 147  1 A. Well, as I indicated, a receivable solve the solve of the reserve requirement as well.  Page 147  1 A. Well, as I indicated, a receivable solve the solve of the reserve to the solve of the res	willia	m F. Buettner		
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and then presumably by the time it hit 90 days it would be collected, perhaps 120 days if it's a stay.  In the east, because as we had — 12:52:01 because of the processing problems that we've talked about and the rejections that occur, a clean claim may not go out until the 90-day time period, in effect.  So where Allegheny is billing 12:52:18 Medicare or Blue Cross or Medical Assistance or some commercial insurer, hoping to collect their money within 30, 45, 50 days, and tatempting to provide some sort of loss parameter of what may be uncollectible on that tatempting to provide some sort of loss parameter of what may be uncollectible on that to consideration in terms of coming out with an overall evaluation.  Q. Which way did that mitigate? A. That would reduce the reserve requirement as well.  The word of the followy of the mesery out east because a clean claim out east may not out east because a clean claim out east may not out east because a clean claim out usest may not out east because a clean claim out east may not out east because a clean claim out east may not overlay an additional 60 days or 75 days of out east because a clean claim out east may not overlay an additional 60 days or 75 days of out east because a clean claim out east may not overlay an additional 60 days or 75 days of out east because a clean claim cones off the 12:55:15 Q. Why use that this missed — this if you take the Allegheny method and you just overlay an additional 60 days or 75 days of out east because a clean claim cut east versus the west. Q. Might talso cause consentmation with third-party payors and ultimately get it right. A. If you end up getting a clean claim in vin, but five time free that this, but five it dain out. 12:55:13  A. There was the PIP. Q. And the PIP, and the reserve total to reserve — or to receivable total. Others?  12. A. Well, as I indicated, a receivable sitting in the 60-day or 90-day category for 3. AGH would have different attributes than a receivable that's string in a similar category overlay an ad	1	_	1	-
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23 A. It may it may in terms of 24 self-pay, yes. And that's why when you look at 25 total A/R portfolio. 26 Q. I'm focusing in on a different part	- 1	Maria de la compansa del compansa de la compansa del compansa de la compansa de l		
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27 Sell-pay, yes. And that's viry viral years as				tion to
25 the overall reserve requirement versus the 12.3 1.20   25 of the same sentence, that is, in this case			1	
	25	the overall reserve requirement versus the 12.34.20	23	or are sume sentence, and by

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Willia	m F. Buettner		Volume 1
	Page 150		Page 152
4	appears to be noting a concern about A/R that	1	A. Well, at some meeting. I mean, I
1	is over 180 days old and a concern there that	2	can see my handwriting over here in terms of
2	appears, to my eye, to be one about ultimate	3	some comment on subsequent receipts testing and
3	* *	4	so on.
4	collectibility.  Do you read it the same way, that 12:56:35	5	Q. So is it fair to say that your 12:58:48
5	he has a concern that he's expressing about the	6	recollection is refreshed that at some point
6	ultimate collectibility of A/R over 180 days	7	during the 1996 audit work there was a proposal
7	old?	8	discussed to prepare AGH model reserve for all
8	MR. RYAN: Objection.	9	entities?
9	12.FC.46	10	A. Well, that may have been other 12:59:03
10	A. Well, that he has a concern with 12:56:46 the collectibility of A/R over 180 days old.	11	people's suggestion, but it wasn't mine.
11	That is one additional factor that we looked at	12	Q. My question is, is your
12	that led us to believe that the reserve	13	recollection refreshed that the concept was
13		14	discussed, having seen the document?
14	reserve level should be enhanced. O. Let me ask you to look at another 12:57:03	15	A. The concept may have been 12:59:15
15	Q. 200 110 doi: / 0 0 10 10 10 10 10 10 10 10 10 10 10 10	16	discussed, yes, but I don't believe I was the
16	document for me. It's going to be Exhibit	17	one that initiated the discussion of that
17	4386.	18	concept.
18	Right before we broke for lunch, we	19	Q. Just so we're clear, I understand
19	talked about whether you recalled proposing or hearing about a proposal to apply the AGH 12:57:20	20	that you don't think you initiated it, and you
20	ficulting about a proposal to apply	21	believe it may have been discussed, my question
21	reserve percentages to aged buckets of receivables at other AHERF hospitals in	22	is, is your recollection refreshed that it was
22	receivables at other Affect Hospitals in	23	discussed?
23	connection with fiscal year '96 audit work. I	24	A. Yes, it probably was discussed at
24	think you told me that you did not recall that proposal. 12:57:31	25	the meeting. I don't have any specific reason 12:59:30
25	proposal. 12:57:31	23	the meeting. I don't have any epither
	Page 151		Page 153
1	A. I simply yeah, I don't recall	1	to say that it wasn't.
2	having the staff do that.	2	Q. Right.
3	Q. Let me ask you then to look at	3	Do you have a recollection that you
4	Exhibit 4386 with me. It is an AHERF accounts	4	didn't want it to be done, that you didn't want
5	receivable procedures document, which is 12:57:46	5	the AGH model reserve applied to all entities 12:59:37
6	apparently two pages in length, another one of	6	in '96?
7	these accounts receivable typewritten	7	A. Yes.
8	documents, not too dissimilar from the one we	8	MR. RYAN: Objection.
9	saw before, am I right, in its format, anyway?	9	<ul> <li>A. I reached a conclusion that it was</li> </ul>
10	A. It would be similar to what we 12:58:01	10	not necessary. 12:59:46
11	looked at before, yes.	11	Q. When did you reach that conclusion?
12	Q. About two-thirds of the way down	12	
13	the first page of the document in one of the	13	beginning of year-end work. I just didn't feel
14	bullet points on the left-hand margin I read	14	that it would accomplish anything. I can't
15	this phrase: "Prepare AGH model reserve for 12:58:13	15	tell you the exact date or time frame. 13:00:00
16	all entities." Is that right?	16	Q. Do you recall what you based your
17	A. I see that, yes.	17	conclusion on?
18	Q. Do you recall being at a meeting or	18	
19	reading a document like this at which this same	19	
20	proposal is made or sentence was discussed? 12:58:30	20	operations and the fact that the agings would 13:00:11
21	A. Well, I don't remember the meeting,	21	not be as valuable a tool in assessing reserve
22	but, I mean, I believe I've seen this document	22	
23	before. It was put together by the staff,	23	
24		24	
25		25	

39 (Pages 150 to 153)

Willia	m F. Buettner			Volume 1
	Page 154			Page 156
1	what is marked as Exhibit 4387. I'm going to	1	reserve."	
2	ask you to take a look at that document with	2	Do you see that?	
3	me.	3	A. Yes.	
4	It is headed Working Paper for HUH	4	Q. Did I read that accurately?	
5	Center City, inpatient bad debt analysis, 13:01:01	5	A. Yes. 13:02:48	
6	6-30-96. Is that right?	6	<ul><li>Q. Do you recall now that this</li></ul>	
7	A. Yes.	7	analysis was done and that an additional	
8	Q. HUH Center City was at that time a	8	reserve was booked?	
9	DVOG hospital as you understood it?	9	<ul> <li>A. Yes, an additional reserve was</li> </ul>	
10	A. Yes. 13:01:11	10	booked in '96. 13:03:03	
11	Q. This is a '96 work paper from the	11	<ul> <li>Q. Do you recall that the AGH reserve</li> </ul>	
12	CLASS system, or it appears so to you?	12	percentage analysis was prepared?	
13	A. Yes.	13	A. No, I don't recall that at all.	
14	Q. Apparently completed by	14	Q. Would you have expected to have	
	Mr. Christian and ultimately reviewed by 13:01:24	15		13:03:13
15	Mr. Kirstein in September of '96 or October of	16	a part of your audit responsibilities?	
16	'96, is that right?	17	A. Yes.	
17	A. I don't know if it was completed by	18	MR. RYAN: Objection.	
18	Brian or not. I see the term. I haven't	19	A. I spent a significant period of	
19	looked at the rest of the document. I see the 13:01:31	20	time with Brian and Mark going through portions	13:03:24
20	term PBC there, which I believe stands for	21	of the receivable work papers in '96, and I	
21	prepared by client. It may, at least my	22	would have expected to see that.	
22	experience is that would tell you it's prepared	23	Q. Did you ever learn that it had been	
23	by client. So I'm not sure exactly what Brian	24	done and then discarded, the application of the	
24		25	AGH percentages to the aged receivables at	13:03:39
25	did to this schedule. 13:01:45			
	Page 155		1000	Page 157
1	Q. I understand.	1	other AHERF hospitals for fiscal year '96?	
2	He is at least listed as the	2	MR. RYAN: Objection.	
3	individual at C&L as completed by, his name	3	A. No. We spent, if my memory serves	
4	appears next to the words completed by?	4	me correctly, we spent a lot of time looking at	12.02.50
5	A. Yes. 13:01:54	5	agings and other receivable accumentation	13:03:50
6	Q. Mr. Kirstein's appear next to the	6	the east and the west in '96. And I recall	
7	words reviewed?	7	Brian printing out this information on rather	
8	A. Yes.	8	large spreadsheets because, quite frankly, the	
9	O. I think PBC, as you put it,	9	computer printouts were small in terms of the	12.04.15
10	prepared by client, may be partially applicable 13:02:07	10	intoffication and triy ability to read the	13:04:15
11	to this document, or it may not be. But in any	11	spent a lot of time looking at those agings.	
12	event, there are some footnotes that I think	12	But I do not recall any type of	
13		13	exercise of going through and having at	
14		14	least exercise that I went through with them	42.04.20
15	40.00.40	15	where we would look at the AGH methodology,	13:04:30
16	•	16	let's say, compared to what was going on in the	
17		17	east in '96.	
18		18		
19		19		
20	12,02,1	20		13:04:39
21	Q. It goes on to ready seem had a seem than	21	whether or not it was presented to you or gone	
22		22		
23		23		
24		24		
1 / 4	CODE ICOCIAC COLLO LOCALE DOLOCITO DOLOCITO DOLOCITO			
25	10.00.40	25	before today? 13:05:03	

40 (Pages 154 to 157)

1			
1	Page 214		Page 216
1	review the financial statements and the	1	had too many uses of the word percentage.
2	footnote disclosure, make some sort of	2	Did this move of the percentage of
3	assessment on whether the disclosure was	3	allowance as a I'll try it one more time.
4	reasonable and whether the financial	4	Did this move from 13 percent and
5	information included in the document made sense 15:40:52	5	17 percent from year-end '95 to year-end '96 15:43:07
6	vis-a-vis their understanding of the tests that	6	cause you to think, all things else aside, that
7	were performed and the conclusions that were	7	the AHERF allowance for doubtful accounts
8	reached.	8	should be increased, decreased or stay the
9	Q. Is top side meant to be a term that	9	same?
10	you use that is different from detailed review? 15:41:03	10	MR. RYAN: Objection. 15:43:18
11	A. Yes. I mean, it's I'm not sure	11	A. Based on this particular
12	if the auditing standard calls it a top side	12	evaluation we still concluded that the
13	analytic or global analytic, but there's some	13	reserve had to be increased, but it gave us
14	sort of terminology that would indicate that	14	comfort because, in effect, management had
15	you would want some sort of review on the 15:41:21	15	identified that the reserve level, if you will, 15:43:32
16	document going down as opposed to looking at	16	between '95 and '96 should increase. And they
17	detailed records and working your way up.	17	did increase it.
18	Q. Let me ask you just a few questions	18	Q. So this move in percentages
19	then about the document itself.	19	mitigated towards increasing the reserve, in
20	The first one is, to look at the, I 15:41:34	20	your opinion? 15:43:46
21	think the topic we were discussing just a few	21	MR. RYAN: Objection to form.
22	moments ago, which I think is referred to under	22	A. I'm not sure I understand your
23	the heading Patients Accounts Receivable on the	23	question.
24	first page. Do you see that heading anyway?	24	Q. When you read this change
25	A. Yes. 15:41:46	25	A. Yes. 15:43:57
	Page 215		Page 217
1	Q. The subtopic there that I want to	1	Q the allowance as a percentage of
2	highlight for us is the allowance as a	2	accounts receivable at DVOG hospitals is going
3	percentage of accounts receivable. Do you see	3	up between the two fiscal years, right?
	that row?	4	
ı 4		T .	A. Yes.
5		5	
5	A. Yes. 15:41:55		Q. That going up, did that lead you to 15:44:05
5 6	A. Yes. 15:41:55 Q. That row, I think, if I read the	5	Q. That going up, did that lead you to 15:44:05 think, all things else the same or aside, that
5 6 7	A. Yes. 15:41:55 Q. That row, I think, if I read the table right, notes that the Delaware Valley	5 6	Q. That going up, did that lead you to 15:44:05 think, all things else the same or aside, that there ought to be a modification of the reserve
5 6 7 8	<ul> <li>A. Yes. 15:41:55</li> <li>Q. That row, I think, if I read the table right, notes that the Delaware Valley</li> <li>Obligated Group percentage allowance,</li> </ul>	5 6 7	Q. That going up, did that lead you to 15:44:05 think, all things else the same or aside, that there ought to be a modification of the reserve that is positive, increasing the reserve, or
5 6 7	A. Yes. 15:41:55 Q. That row, I think, if I read the table right, notes that the Delaware Valley	5 6 7 8 9	Q. That going up, did that lead you to 15:44:05 think, all things else the same or aside, that there ought to be a modification of the reserve
5 6 7 8 9	A. Yes. 15:41:55 Q. That row, I think, if I read the table right, notes that the Delaware Valley Obligated Group percentage allowance, rather, as a percentage of accounts receivable has increased between year-end '95 and year-end 15:42:10	5 6 7 8 9	Q. That going up, did that lead you to 15:44:05 think, all things else the same or aside, that there ought to be a modification of the reserve that is positive, increasing the reserve, or did it not have any affect at all?
5 6 7 8 9	A. Yes. 15:41:55 Q. That row, I think, if I read the table right, notes that the Delaware Valley Obligated Group percentage allowance, rather, as a percentage of accounts receivable	5 6 7 8 9	Q. That going up, did that lead you to 15:44:05 think, all things else the same or aside, that there ought to be a modification of the reserve that is positive, increasing the reserve, or did it not have any affect at all?  MR. RYAN: Objection. 15:44:24  A. We reached the conclusion well, I'm going to try to answer your question in two
5 6 7 8 9 10 11	A. Yes. 15:41:55 Q. That row, I think, if I read the table right, notes that the Delaware Valley Obligated Group percentage allowance, rather, as a percentage of accounts receivable has increased between year-end '95 and year-end '96; is that right?	5 6 7 8 9 10 11	Q. That going up, did that lead you to 15:44:05 think, all things else the same or aside, that there ought to be a modification of the reserve that is positive, increasing the reserve, or did it not have any affect at all?  MR. RYAN: Objection. 15:44:24  A. We reached the conclusion well,
5 6 7 8 9 10 11 12	A. Yes. 15:41:55 Q. That row, I think, if I read the table right, notes that the Delaware Valley Obligated Group percentage allowance, rather, as a percentage of accounts receivable has increased between year-end '95 and year-end '96; is that right? A. That's correct.	5 6 7 8 9 10 11 12	Q. That going up, did that lead you to 15:44:05 think, all things else the same or aside, that there ought to be a modification of the reserve that is positive, increasing the reserve, or did it not have any affect at all?  MR. RYAN: Objection. 15:44:24  A. We reached the conclusion well, I'm going to try to answer your question in two
5 6 7 8 9 10 11 12 13	A. Yes. 15:41:55 Q. That row, I think, if I read the table right, notes that the Delaware Valley Obligated Group percentage allowance, rather, as a percentage of accounts receivable has increased between year-end '95 and year-end '96; is that right? A. That's correct. Q. From 13 to 17 percent?	5 6 7 8 9 10 11 12 13	Q. That going up, did that lead you to 15:44:05 think, all things else the same or aside, that there ought to be a modification of the reserve that is positive, increasing the reserve, or did it not have any affect at all?  MR. RYAN: Objection. 15:44:24  A. We reached the conclusion well, I'm going to try to answer your question in two parts. If I'm not answering it, just interrupt me.  This measure, this comparison of 15:44:44
5 6 7 8 9 10 11 12 13	A. Yes. 15:41:55 Q. That row, I think, if I read the table right, notes that the Delaware Valley Obligated Group percentage allowance, rather, as a percentage of accounts receivable has increased between year-end '95 and year-end '96; is that right? A. That's correct. Q. From 13 to 17 percent? A. Yes.	5 6 7 8 9 10 11 12 13 14	Q. That going up, did that lead you to 15:44:05 think, all things else the same or aside, that there ought to be a modification of the reserve that is positive, increasing the reserve, or did it not have any affect at all?  MR. RYAN: Objection. 15:44:24  A. We reached the conclusion well, I'm going to try to answer your question in two parts. If I'm not answering it, just interrupt me.
5 6 7 8 9 10 11 12 13 14 15	A. Yes. 15:41:55 Q. That row, I think, if I read the table right, notes that the Delaware Valley Obligated Group percentage allowance, rather, as a percentage of accounts receivable has increased between year-end '95 and year-end 15:42:10 '96; is that right?  A. That's correct. Q. From 13 to 17 percent? A. Yes. Q. Did this figure mean anything to 15:42:22	5 6 7 8 9 10 11 12 13 14 15	Q. That going up, did that lead you to 15:44:05 think, all things else the same or aside, that there ought to be a modification of the reserve that is positive, increasing the reserve, or did it not have any affect at all?  MR. RYAN: Objection. 15:44:24  A. We reached the conclusion well, I'm going to try to answer your question in two parts. If I'm not answering it, just interrupt me.  This measure, this comparison of 15:44:44
5 6 7 8 9 10 11 12 13 14 15 16	A. Yes. Q. That row, I think, if I read the table right, notes that the Delaware Valley Obligated Group percentage allowance, rather, as a percentage of accounts receivable has increased between year-end '95 and year-end 15:42:10 '96; is that right? A. That's correct. Q. From 13 to 17 percent? A. Yes. Q. Did this figure mean anything to 15:42:22 you or this change in figures mean anything to	5 6 7 8 9 10 11 12 13 14 15 16	Q. That going up, did that lead you to 15:44:05 think, all things else the same or aside, that there ought to be a modification of the reserve that is positive, increasing the reserve, or did it not have any affect at all?  MR. RYAN: Objection. 15:44:24  A. We reached the conclusion well, I'm going to try to answer your question in two parts. If I'm not answering it, just interrupt me.  This measure, this comparison of 15:44:44 the allowance to receivables at 17 percent and
5 6 7 8 9 10 11 12 13 14 15 16 17	A. Yes. Q. That row, I think, if I read the table right, notes that the Delaware Valley Obligated Group percentage allowance, rather, as a percentage of accounts receivable has increased between year-end '95 and year-end 15:42:10 '96; is that right? A. That's correct. Q. From 13 to 17 percent? A. Yes. Q. Did this figure mean anything to 15:42:22 you or this change in figures mean anything to you in connection with your '96 audit work?	5 6 7 8 9 10 11 12 13 14 15 16 17	Q. That going up, did that lead you to 15:44:05 think, all things else the same or aside, that there ought to be a modification of the reserve that is positive, increasing the reserve, or did it not have any affect at all?  MR. RYAN: Objection. 15:44:24  A. We reached the conclusion well, I'm going to try to answer your question in two parts. If I'm not answering it, just interrupt me.  This measure, this comparison of 15:44:44 the allowance to receivables at 17 percent and the fact that it increased from 13 to 17 provided us with some comfort that management was attempting to address their issue
5 6 7 8 9 10 11 12 13 14 15 16 17 18	A. Yes. 15:41:55 Q. That row, I think, if I read the table right, notes that the Delaware Valley Obligated Group percentage allowance, rather, as a percentage of accounts receivable has increased between year-end '95 and year-end 15:42:10 '96; is that right? A. That's correct. Q. From 13 to 17 percent? A. Yes. Q. Did this figure mean anything to 15:42:22 you or this change in figures mean anything to you in connection with your '96 audit work? A. Yes, that was an important measure	5 6 7 8 9 10 11 12 13 14 15 16 17 18	Q. That going up, did that lead you to 15:44:05 think, all things else the same or aside, that there ought to be a modification of the reserve that is positive, increasing the reserve, or did it not have any affect at all?  MR. RYAN: Objection. 15:44:24  A. We reached the conclusion well, I'm going to try to answer your question in two parts. If I'm not answering it, just interrupt me.  This measure, this comparison of 15:44:44 the allowance to receivables at 17 percent and the fact that it increased from 13 to 17 provided us with some comfort that management
5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	A. Yes. Q. That row, I think, if I read the table right, notes that the Delaware Valley Obligated Group percentage allowance, rather, as a percentage of accounts receivable has increased between year-end '95 and year-end '15:42:10 '96; is that right? A. That's correct. Q. From 13 to 17 percent? A. Yes. Q. Did this figure mean anything to 15:42:22 you or this change in figures mean anything to you in connection with your '96 audit work? A. Yes, that was an important measure for us to evaluate in terms of the adequacy of the reserve.	5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	Q. That going up, did that lead you to 15:44:05 think, all things else the same or aside, that there ought to be a modification of the reserve that is positive, increasing the reserve, or did it not have any affect at all?  MR. RYAN: Objection. 15:44:24  A. We reached the conclusion well, I'm going to try to answer your question in two parts. If I'm not answering it, just interrupt me.  This measure, this comparison of 15:44:44 the allowance to receivables at 17 percent and the fact that it increased from 13 to 17 provided us with some comfort that management was attempting to address their issue
5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	A. Yes. Q. That row, I think, if I read the table right, notes that the Delaware Valley Obligated Group percentage allowance, rather, as a percentage of accounts receivable has increased between year-end '95 and year-end '15:42:10 '96; is that right?  A. That's correct. Q. From 13 to 17 percent? A. Yes. Q. Did this figure mean anything to 15:42:22 you or this change in figures mean anything to you in connection with your '96 audit work? A. Yes, that was an important measure for us to evaluate in terms of the adequacy of the reserve. 15:42:35	5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	Q. That going up, did that lead you to 15:44:05 think, all things else the same or aside, that there ought to be a modification of the reserve that is positive, increasing the reserve, or did it not have any affect at all?  MR. RYAN: Objection. 15:44:24  A. We reached the conclusion well, I'm going to try to answer your question in two parts. If I'm not answering it, just interrupt me.  This measure, this comparison of 15:44:44 the allowance to receivables at 17 percent and the fact that it increased from 13 to 17 provided us with some comfort that management was attempting to address their issue besides trying to fix the processing issue, 15:44:59
5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	A. Yes. Q. That row, I think, if I read the table right, notes that the Delaware Valley Obligated Group percentage allowance, rather, as a percentage of accounts receivable has increased between year-end '95 and year-end 15:42:10 '96; is that right? A. That's correct. Q. From 13 to 17 percent? A. Yes. Q. Did this figure mean anything to 15:42:22 you or this change in figures mean anything to you in connection with your '96 audit work? A. Yes, that was an important measure for us to evaluate in terms of the adequacy of the reserve. Q. Did the increase cause you to think the reserve should be increased more than if	5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	Q. That going up, did that lead you to 15:44:05 think, all things else the same or aside, that there ought to be a modification of the reserve that is positive, increasing the reserve, or did it not have any affect at all?  MR. RYAN: Objection. 15:44:24  A. We reached the conclusion well, I'm going to try to answer your question in two parts. If I'm not answering it, just interrupt me.  This measure, this comparison of 15:44:44 the allowance to receivables at 17 percent and the fact that it increased from 13 to 17 provided us with some comfort that management was attempting to address their issue besides trying to fix the processing issue, 15:44:59 they were trying to go through some sort of rational assessment of what the reserve level
5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	A. Yes. Q. That row, I think, if I read the table right, notes that the Delaware Valley Obligated Group percentage allowance, rather, as a percentage of accounts receivable has increased between year-end '95 and year-end 15:42:10 '96; is that right? A. That's correct. Q. From 13 to 17 percent? A. Yes. Q. Did this figure mean anything to 15:42:22 you or this change in figures mean anything to you in connection with your '96 audit work? A. Yes, that was an important measure for us to evaluate in terms of the adequacy of the reserve. Q. Did the increase cause you to think the reserve should be increased more than if the percentage was not increasing?	5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	Q. That going up, did that lead you to 15:44:05 think, all things else the same or aside, that there ought to be a modification of the reserve that is positive, increasing the reserve, or did it not have any affect at all?  MR. RYAN: Objection. 15:44:24  A. We reached the conclusion well, I'm going to try to answer your question in two parts. If I'm not answering it, just interrupt me.  This measure, this comparison of 15:44:44 the allowance to receivables at 17 percent and the fact that it increased from 13 to 17 provided us with some comfort that management was attempting to address their issue besides trying to fix the processing issue, 15:44:59 they were trying to go through some sort of
5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	A. Yes. Q. That row, I think, if I read the table right, notes that the Delaware Valley Obligated Group percentage allowance, rather, as a percentage of accounts receivable has increased between year-end '95 and year-end 15:42:10 '96; is that right? A. That's correct. Q. From 13 to 17 percent? A. Yes. Q. Did this figure mean anything to 15:42:22 you or this change in figures mean anything to you in connection with your '96 audit work? A. Yes, that was an important measure for us to evaluate in terms of the adequacy of the reserve. Q. Did the increase cause you to think the reserve should be increased more than if	5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	Q. That going up, did that lead you to 15:44:05 think, all things else the same or aside, that there ought to be a modification of the reserve that is positive, increasing the reserve, or did it not have any affect at all?  MR. RYAN: Objection. 15:44:24  A. We reached the conclusion well, I'm going to try to answer your question in two parts. If I'm not answering it, just interrupt me.  This measure, this comparison of 15:44:44 the allowance to receivables at 17 percent and the fact that it increased from 13 to 17 provided us with some comfort that management was attempting to address their issue besides trying to fix the processing issue, 15:44:59 they were trying to go through some sort of rational assessment of what the reserve level should be.

55 (Pages 214 to 217)

1			
	Page 218	1	Page 220 A. No, not in a hallway. They have
	of the outstanding receivable?  A. Yes. Now	2	they had back then what I would a cubicle
2		3	area and a couple conference rooms and bullpen
3	Q. Please go ahead and finish.		· · · · · · · · · · · · · · · · · · ·
4	A. I'm not done yet.	4	area, if you will, that were all interconnected. And it was somewhere in that 15:47:46
5	As I recall, we wanted that 15:45:22	5	interconnected. And it was somewhere in that 15:47:46 area there.
6	percentage to increase to a greater level. It	6	
7	was based on some other analytics that we	7	Q. Do you recall roughly when this meeting took place, or this conversation took
8	performed.	8	place? Was it in August or September of '96?
9	Q. That was A. When I say we, I'm talking Brian, 15:45:38	10	A. It was well, it was either late 15:47:54
10	, , , , , , , , , , , , , , , , , , , ,		August or September. It was close to what I
11	Mark and myself.	11 12	would call the audit finalization or wrap-up
12	Q. The percentage you refer to is the	13	date.
13	'96 percentage?	14	
14	A. Yes, yes, the 17 percent here,		
15	we wanted it to be higher. So, as a result, I 15:45:51	15 16	
16	believe we suggested some sort of adjustment, if you will, to increase the percentage.	17	at all.  Q. Do you recall any reaction that
17	• • •		anyone at AHERF had to the suggestion that you
18	Q. Do you recall that you suggested an	18 19	made of upping the reserve for the allowance
19	adjustment in a particular amount to AHERF		the allowance for doubtful accounts by 15 to 20 15:48:17
20	management or that they suggested an adjustment 15:46:01	20 21	million dollars at AHERF hospitals?
21	in a particular amount?	22	A. We didn't get an argument from
22	No, we went to them and suggested     increase of somewhere between 15 and 20	23	them, let's put it that way. I mean, they
23	million dollars.	24	listened to us and understood where we were
24 25	Q. Who made that suggestion, the 15:46:13	25	coming from and indicated they would have to 15:48:29
25	Q. Who made that suggestion, the 13.40.13	2,5	Coming from and indicated they would have to 151 10.25
	Page 219		Page 221
1	person?	1	sit down and talk about it.
2	A. I made that suggestion. The		
	A. I made that suggestion. The	2	Q. Do you recall any follow-up meeting
3	suggestion wasn't made simply on the receivable	2	Q. Do you recall any follow-up meeting where, or conversation at which they told you
3 4	= =		
1	suggestion wasn't made simply on the receivable	3	where, or conversation at which they told you the results of that follow-up or conversation?  A. Yes. I can't tell you if it was 15:48:45
4	suggestion wasn't made simply on the receivable level. It was made near the end of the audit.	3 4	where, or conversation at which they told you the results of that follow-up or conversation?  A. Yes. I can't tell you if it was 15:48:45 the next day or within two or three days, but
4 5	suggestion wasn't made simply on the receivable level. It was made near the end of the audit.  And we had perhaps seven or ten items that we 15:46:28	3 4 5	where, or conversation at which they told you the results of that follow-up or conversation? A. Yes. I can't tell you if it was 15:48:45 the next day or within two or three days, but some short period of time thereafter they got
4 5 6	suggestion wasn't made simply on the receivable level. It was made near the end of the audit.  And we had perhaps seven or ten items that we were talking to management about that either	3 4 5 6	where, or conversation at which they told you the results of that follow-up or conversation? A. Yes. I can't tell you if it was 15:48:45 the next day or within two or three days, but some short period of time thereafter they got back to us with what I would call a proposal to
4 5 6 7	suggestion wasn't made simply on the receivable level. It was made near the end of the audit.  And we had perhaps seven or ten items that we were talking to management about that either would have found their way on to our SUD or items that we thought they should consider.  The item that we had we felt was the most	3 4 5 6 7 8 9	where, or conversation at which they told you the results of that follow-up or conversation?  A. Yes. I can't tell you if it was 15:48:45 the next day or within two or three days, but some short period of time thereafter they got back to us with what I would call a proposal to adjust for three or four of the items or five
4 5 6 7 8	suggestion wasn't made simply on the receivable level. It was made near the end of the audit.  And we had perhaps seven or ten items that we were talking to management about that either would have found their way on to our SUD or items that we thought they should consider.	3 4 5 6 7 8 9	where, or conversation at which they told you the results of that follow-up or conversation?  A. Yes. I can't tell you if it was 15:48:45 the next day or within two or three days, but some short period of time thereafter they got back to us with what I would call a proposal to adjust for three or four of the items or five of the items that we had on our list. That 15:49:01
4 5 6 7 8 9 10 11	suggestion wasn't made simply on the receivable level. It was made near the end of the audit.  And we had perhaps seven or ten items that we were talking to management about that either would have found their way on to our SUD or items that we thought they should consider.  The item that we had we felt was the most important was the increase in their receivable 15:46:45 reserve.	3 4 5 6 7 8 9 10	where, or conversation at which they told you the results of that follow-up or conversation?  A. Yes. I can't tell you if it was 15:48:45 the next day or within two or three days, but some short period of time thereafter they got back to us with what I would call a proposal to adjust for three or four of the items or five of the items that we had on our list. That 15:49:01 would include the receivables.
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4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	suggestion wasn't made simply on the receivable level. It was made near the end of the audit.  And we had perhaps seven or ten items that we were talking to management about that either would have found their way on to our SUD or items that we thought they should consider.  The item that we had we felt was the most important was the increase in their receivable reserve.  Q. Who did you make the suggestion to?  A. Spargo. I believe that both  Cancelmi and Adamczak were in the meeting.  Mark and Amy were there. I want to say Brian was there, but I'm not certain. And I'm not sure if people stayed if all of those folks were there for the entire meeting or session or whatever you want to call it. It wasn't a formal meeting. It was, quite frankly, a 15:47:12 discussion in an open area in the finance department. As I recall, the first meeting was probably after 5:00.  Q. Do you recall, it wasn't in a	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	where, or conversation at which they told you the results of that follow-up or conversation?  A. Yes. I can't tell you if it was 15:48:45 the next day or within two or three days, but some short period of time thereafter they got back to us with what I would call a proposal to adjust for three or four of the items or five of the items that we had on our list. That 15:49:01 would include the receivables.  Q. Did they give you an amount for the allowance boost, the allowance for doubtful accounts?  A. They gave yes, they gave us a 15:49:14 summary of what they would be willing to post, and I believe it was 17 million dollars.  Q. I've seen a number 17.5 million dollars in other depositions and other documents. Does that sound about right to you? 15:49:27  A. That's probably right.  Q. So the 15 to 20 range was yours and the 17.5 was AHERF's as the way the conversations played out?
4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	suggestion wasn't made simply on the receivable level. It was made near the end of the audit.  And we had perhaps seven or ten items that we were talking to management about that either would have found their way on to our SUD or items that we thought they should consider.  The item that we had we felt was the most important was the increase in their receivable reserve.  Q. Who did you make the suggestion to?  A. Spargo. I believe that both  Cancelmi and Adamczak were in the meeting.  Mark and Amy were there. I want to say Brian was there, but I'm not certain. And I'm not sure if people stayed if all of those folks were there for the entire meeting or session or whatever you want to call it. It wasn't a formal meeting. It was, quite frankly, a 15:47:12 discussion in an open area in the finance department. As I recall, the first meeting was probably after 5:00.	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	where, or conversation at which they told you the results of that follow-up or conversation?  A. Yes. I can't tell you if it was 15:48:45 the next day or within two or three days, but some short period of time thereafter they got back to us with what I would call a proposal to adjust for three or four of the items or five of the items that we had on our list. That 15:49:01 would include the receivables.  Q. Did they give you an amount for the allowance boost, the allowance for doubtful accounts?  A. They gave yes, they gave us a 15:49:14 summary of what they would be willing to post, and I believe it was 17 million dollars.  Q. I've seen a number 17.5 million dollars in other depositions and other documents. Does that sound about right to you? 15:49:27  A. That's probably right.  Q. So the 15 to 20 range was yours and the 17.5 was AHERF's as the way the

56 (Pages 218 to 221)

	an r. buetulei		
	Page 222		Page 224
١.	1	1	headed Delaware Valley inpatient days in A/R
1	Q. Thank you.		analysis, 6-30-96, and it's a Coopers & Lybrand
2	Who conveyed that and to whom was	2	
3	it conveyed on the engagement team, the 17.5?	3	work paper, I believe.
4	A. Well, I recall being at the client	4	A. No, I can't say that I've seen this
5	location when the decision was made. I don't 15:49:50	5	before. 15:53:12
6	know if Mark and Amy learned about it before I	6	Q. Let me hand you one more and ask
7	did or not.	7	you the same question. It's Exhibit 4391
8	Q. How did you learn of it then?	8	headed Delaware Valley outpatient days in A/R
9	A. That's what I'm saying, I can't	9	6-30-96. Have you seen this work paper before
10	remember if they told me or Spargo told me. I 15:50:01	10	today? 15:53:25
11	don't know if Steve told me. But they already	11	A. No, I don't remember seeing it.
12	knew. I just don't remember.	12	Q. Do you recall asking anyone on your
13	Q. For the record, Steve is Mr.	13	engagement team or being aware that anyone on
14	Spargo's first name?	14	your engagement team had calculated something
15	A. Yes. 15:50:10	15	called days in accounts receivable? 15:53:42
16	O. You were comfortable and believed	16	A. Well, yes. I mean, I would expect
17	that 17.5 was a figure that Coopers & Lybrand	17	the well, I would expect the client to be
18	would not take exception to, is that right?	18	calculating this on an ongoing basis, and I
19	A. Yes, that's right.	19	would expect my engagement team to either look
20		20	at their computation or go through their own 15:53:58
	Q. Do you recall the other adjustments 15:50:30 as you sit here today that were being	21	computation.
21		22	Q. Do you recall the results of any
22	discussed, the seven to ten other items, or	23	such analysis separate and apart from looking
23	what might be six to nine other items?	24	at the documents? And look at them if you
24	A. Well, there were items that we had	25	like. 15:54:08
25	on our SUD or would be posting to our SUD. 15:50:52	23	IIKE. 15.5 1.66
	Dags 222		Page 225
	Page 223	1	MR. RYAN: In 1996?
	Capitalized interest on construction projects.	2	MR. JONES: Yes.
2	Self insurance reserve liabilities. I would	3	6 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1
3	have to go down the list.		Q. I hat is the results of days in accounts receivable analysis.
4	Q. That's fine.	4	45.54
5	A. But it would be it was those 15:51:08	5	A. No. I mean, I remember it being a 15:54:21 discussion point of something that we would go
6	types of items.	6	discussion point of something that we would go
7	<ul> <li>O. But to you the most important one</li> </ul>		through and would be another item that we would
8	•	7	through and would be another item that we would
	was the boost that would be required to the	8	factor into in terms of our overall assessment
9	was the boost that would be required to the allowance for doubtful accounts?	8 9	factor into in terms of our overall assessment of the revenue function, the billing function
9 10	was the boost that would be required to the	8 9 10	factor into in terms of our overall assessment of the revenue function, the billing function at the in the west and in the east and 15:54:36
1 -	was the boost that would be required to the allowance for doubtful accounts?  A. At that point in time, yes, in '96, 15:51:16 yes.	8 9 10 11	factor into in terms of our overall assessment of the revenue function, the billing function at the in the west and in the east and 15:54:36 reserve needs and things of that nature.
10	was the boost that would be required to the allowance for doubtful accounts?  A. At that point in time, yes, in '96, 15:51:16 yes.  Q. Your handwritten notes on Exhibit	8 9 10 11 12	factor into in terms of our overall assessment of the revenue function, the billing function at the in the west and in the east and reserve needs and things of that nature.  Q. This may be a question you can't
10 11	was the boost that would be required to the allowance for doubtful accounts?  A. At that point in time, yes, in '96, 15:51:16 yes.  Q. Your handwritten notes on Exhibit 4394, at the bottom of the page, you note	8 9 10 11 12 13	factor into in terms of our overall assessment of the revenue function, the billing function at the in the west and in the east and reserve needs and things of that nature.  Q. This may be a question you can't answer, but would you look at Exhibit 4390 for
10 11 12	was the boost that would be required to the allowance for doubtful accounts?  A. At that point in time, yes, in '96, 15:51:16 yes.  Q. Your handwritten notes on Exhibit 4394, at the bottom of the page, you note "Excess CRA, 10 to 20 million dollars." Do you	8 9 10 11 12 13 14	factor into in terms of our overall assessment of the revenue function, the billing function at the in the west and in the east and 15:54:36 reserve needs and things of that nature.  Q. This may be a question you can't answer, but would you look at Exhibit 4390 for me and tell me if you, in your auditing
10 11 12 13	was the boost that would be required to the allowance for doubtful accounts?  A. At that point in time, yes, in '96, 15:51:16 yes.  Q. Your handwritten notes on Exhibit 4394, at the bottom of the page, you note "Excess CRA, 10 to 20 million dollars." Do you know what that refers to today?  15:51:38	8 9 10 11 12 13 14 15	factor into in terms of our overall assessment of the revenue function, the billing function at the in the west and in the east and reserve needs and things of that nature.  Q. This may be a question you can't answer, but would you look at Exhibit 4390 for me and tell me if you, in your auditing experience with respect to healthcare 15:54:48
10 11 12 13 14	was the boost that would be required to the allowance for doubtful accounts?  A. At that point in time, yes, in '96, 15:51:16 yes.  Q. Your handwritten notes on Exhibit 4394, at the bottom of the page, you note "Excess CRA, 10 to 20 million dollars." Do you know what that refers to today?  A. Those are notes that I someone's	8 9 10 11 12 13 14 15 16	factor into in terms of our overall assessment of the revenue function, the billing function at the in the west and in the east and reserve needs and things of that nature.  Q. This may be a question you can't answer, but would you look at Exhibit 4390 for me and tell me if you, in your auditing experience with respect to healthcare 15:54:48 enterprises, think that inpatient days in
10 11 12 13 14 15	was the boost that would be required to the allowance for doubtful accounts?  A. At that point in time, yes, in '96, 15:51:16 yes.  Q. Your handwritten notes on Exhibit 4394, at the bottom of the page, you note "Excess CRA, 10 to 20 million dollars." Do you know what that refers to today?  A. Those are notes that I someone's conveying information to me. I can't tell you	8 9 10 11 12 13 14 15 16 17	factor into in terms of our overall assessment of the revenue function, the billing function at the in the west and in the east and 15:54:36 reserve needs and things of that nature.  Q. This may be a question you can't answer, but would you look at Exhibit 4390 for me and tell me if you, in your auditing experience with respect to healthcare 15:54:48 enterprises, think that inpatient days in A/R the inpatient days in A/R calculated on
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57 (Pages 222 to 225)

	Page 226		Page 228
1	A. Your question?	1	Q. Do you recall any specific
2	Q. Do these DVOG hospitals appear to	2	hospitals you compared them to?
3	have, in your view, as you sit here today, high	3	A. No. I compared there was a
	calculations as well for in this exhibit it	4	database that the firm provided to the staff
4		5	that was available on Lotus notes. I believe 15:58:13
5	APPEND TO THE TOTAL TOTA	6	it was the CHIPS database. I would go in there
6	patient service revenue?		periodically and just, you know, run
7	A. I'm sorry	7	
8	MR. RYAN: Objection.	8	comparisons, if you will, of days in A/R or
9	A you've lost me there. A bad	9	other measures. I would do that as part of this analytic review or top side review when I 15:58:31
10	debt or 15:55:53	10	
11	Q. I'm sorry. You know what, I	11	was going through the financial statements.
12	skipped and I apologize. 4391. It's the same	12	Q. Was the CHIPS database available on
13	question, days in A/R.	13	line to auditors at C&L at this period of time?
14	Do the DVOG hospitals days in A/R	14	A. Yes, yes. It would have been a
15	look high to you in this exhibit as you sit 15:56:05	15	year or so old, obviously, in terms of the data 15:58:45
16	here?	16	that you were comparing it to, but, yes.
17	A. Yes, they do.	17	Q. Now I want to turn to the bad debt
18	Q. Did this concern you in connection	18	expense metric I tried to steer you to
19	with your '96 audit work?	19	prematurely a few moments ago.
20	MR. RYAN: Objection. 15:56:18	20	
21	A. This particular measurement was an	21	(Thereupon, Deposition.
22	item that we considered. First of all, we	22	Exhibit 4461 was marked for
23	expected that they this number to be high if	23	purposes of identification.)
24	you can't get bills out correctly the first	24	
25	time. So it was an item that we considered, 15:56:30	25	Q. This is Exhibit 4461, Mr. Buettner. 15:59:17
23	time. So it was an item and the sounds and	l	•
	the state of the s		
	Page 227		Page 229
1	Page 227	1	Page 229  It is entitled AHERF Bad Debt Expense Analysis.
1 2	yes.	1 2	
2	yes. Q. You considered it, and I think what	1	It is entitled AHERF Bad Debt Expense Analysis.
2	yes. Q. You considered it, and I think what you're telling me is that you understood, at	2	It is entitled AHERF Bad Debt Expense Analysis. It's another Coopers & Lybrand work paper from
2 3 4	yes. Q. You considered it, and I think what you're telling me is that you understood, at least in your view, that part of the	2	It is entitled AHERF Bad Debt Expense Analysis.  It's another Coopers & Lybrand work paper from the '96 audit.  Do you recall reviewing this work
2 3 4 5	yes. Q. You considered it, and I think what you're telling me is that you understood, at least in your view, that part of the explanation for it was the less than stellar 15:56:51	2 3 4	It is entitled AHERF Bad Debt Expense Analysis.  It's another Coopers & Lybrand work paper from the '96 audit.  Do you recall reviewing this work
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2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	yes. Q. You considered it, and I think what you're telling me is that you understood, at least in your view, that part of the explanation for it was the less than stellar 15:56:51 first-run success rate A. Yes. Q at billing? A. Correct. Sorry for interrupting your question. Q. That's okay. Do you recall comparing these days in A/R figures calculated for the Delaware Valley Obligated Group hospitals to any other set of hospitals, non AHERF hospitals in connection with your '96 audit work specifically? A. I would have done a general review, yes, just to compare to try to gain some sort of understanding or appreciation of what the overall basis would be. I walked away from that assessment or analysis with an	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	It is entitled AHERF Bad Debt Expense Analysis.  It's another Coopers & Lybrand work paper from the '96 audit.  Do you recall reviewing this work paper in connection with your '96 audit work at 15:59:33 AHERF?  A. I don't remember looking at the document itself, but I'm sure I talked to the — I talked to the engagement team about the items included here.  Q. I'm sorry, the items included here are essentially a calculation that is headed with the row marker here, "Bad debt as percentage of net patient service revenue," is that right?  A. Well, you've got an entire page of numbers here. I mean, there's much more to it than just that particular parameter. There's bad debt as a percentage of net patient revenue, contractual allowance as a percentage of gross revenue. There are comparisons between June of '95 and June of '96, as well as
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2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	Q. You considered it, and I think what you're telling me is that you understood, at least in your view, that part of the explanation for it was the less than stellar 15:56:51 first-run success rate  A. Yes. Q at billing? A. Correct. Sorry for interrupting your question. 15:57:04 Q. That's okay. Do you recall comparing these days in A/R figures calculated for the Delaware Valley Obligated Group hospitals to any other set of hospitals, non AHERF hospitals in 15:57:17 connection with your '96 audit work specifically?  A. I would have done a general review, yes, just to compare to try to gain some sort of understanding or appreciation of what the overall basis would be. I walked away from that assessment or analysis with an understanding that the parameter, if you will, the days in A/R were high for the organizations	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	It is entitled AHERF Bad Debt Expense Analysis.  It's another Coopers & Lybrand work paper from the '96 audit.  Do you recall reviewing this work paper in connection with your '96 audit work at 15:59:33 AHERF?  A. I don't remember looking at the document itself, but I'm sure I talked to the — I talked to the engagement team about the items included here.  Q. I'm sorry, the items included here are essentially a calculation that is headed with the row marker here, "Bad debt as percentage of net patient service revenue," is that right?  A. Well, you've got an entire page of numbers here. I mean, there's much more to it than just that particular parameter. There's bad debt as a percentage of net patient revenue, contractual allowance as a percentage of gross revenue. There are comparisons between June of '95 and June of '96, as well as comparisons between March 31, '96 and June of '96.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	yes. Q. You considered it, and I think what you're telling me is that you understood, at least in your view, that part of the explanation for it was the less than stellar 15:56:51 first-run success rate A. Yes. Q at billing? A. Correct. Sorry for interrupting your question. Q. That's okay. Do you recall comparing these days in A/R figures calculated for the Delaware Valley Obligated Group hospitals to any other set of hospitals, non AHERF hospitals in connection with your '96 audit work specifically? A. I would have done a general review, yes, just to compare to try to gain some sort of understanding or appreciation of what the overall basis would be. I walked away from that assessment or analysis with an understanding that the parameter, if you will,	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	It is entitled AHERF Bad Debt Expense Analysis.  It's another Coopers & Lybrand work paper from the '96 audit.  Do you recall reviewing this work paper in connection with your '96 audit work at 15:59:33 AHERF?  A. I don't remember looking at the document itself, but I'm sure I talked to the — I talked to the engagement team about the items included here.  Q. I'm sorry, the items included here are essentially a calculation that is headed with the row marker here, "Bad debt as percentage of net patient service revenue," is that right?  A. Well, you've got an entire page of numbers here. I mean, there's much more to it than just that particular parameter. There's bad debt as a percentage of net patient revenue, contractual allowance as a percentage of gross revenue. There are comparisons between June of '95 and June of '96, as well as comparisons between March 31, '96 and June of '96.

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•••••	ann. Buettiei		
	Page 234		Page 236
1	we looked at.	1	handwriting. I probably don't dispute the fact
2		2	that there's been a significant increase in
3	(Thereupon, Deposition	3	receivables over the two-year period, but
4	Exhibit 4462 was marked for	4	that's just not my handwriting. That's all.
5	purposes of identification.)	5	Q. That's fine. That's fine. 16:08:38
6		6	Let me hand you one more exhibit.
7	Q. Mr. Buettner, we're now handing you	7	= = = =
8	what was newly marked as 4462 with a little	8	(Thereupon, Deposition.
9	difficulty. I'm going to ask you to take a	9	Exhibit 4463 was marked for
10	look at this one-page document and tell me if 16:06:45	10	purposes of identification.)
1	you recognized it if you recognize it.	11	pulposes of identification.
11	A. I do not believe this is an audit	12	Q. It is Exhibit 4463. And my
12			- · · · · · · · · · · · · · · · · · · ·
13	schedule prepared by C&L. I may have seen	13	questions are two, have you seen this document before, and is the handwriting on it yours?
14	this. It looks similar to some information	14	
15	that AHERF management may have provided us, but 16:07:11	15	
16	I just don't remember. Q. It is headed AHERF, Patient	16	
17	•	17 18	
18	Accounts Receivable Balances, Fiscal Year 1996.		•
19	Is that right? A. Yes. 16:07:23	19	Aging by Major P. Does that stand for payor?  A. I can't tell you that's what 16:09:23
20		20	•
21	Q. It lists a series of hospitals	21	that it's probably by major payor, but I
22	along the left-hand margin.	22	don't know.  MR. RYAN: You can see it better in
23	A. Yes.	23	
24	Q. Down in the lower right-hand margin	24	some of the other pages.
25	you've written a handwritten note, or is that 16:07:30	25	THE WITNESS: It's just not 16:09:35
_			Daga 227
١.	Page 235	1	Page 237 Q. The typing apparently, or the font
1	your handwriting?	1	apparently gets clear on later pages. But
2	A. That is not my handwriting.	3	there are payors listed on the left-hand
3	Q. That is not your handwriting.	1	margin, is that fair to say, of the document?
4	A. No, it is not, sir. O. This document. Lam told by my 16:07:37	4	A. Yes. 16:09:48
5	Q: This document, 2 am total 27 mg	6	Q. When do you recall seeing this
6	esteemed colleague to my left, was produced	7	document before today?
7	from what has been identified to us by your	8	
8	counsel or PwC's counsel as Mr. Buettner's	9	A. As I had indicated earlier, when you provided me with some schedules that I
9	files. Does me saying that mean anything to	١.٠	simply couldn't read, that I told Brian that he 16:10:01
10	you about whether or not it's likely that you 16:07:56	10	was going to have to increase the font so that
11	reviewed it?	11	I could sit down and perform some sort of
12	Did you keep personal files on	12	reasonable review with him.
13	audit matters?	13	He had put together some aging
14	A. Yes, I did.	14	
15	MR. RYAN: Objection. 16:08:02	15	,,
16	Q. Was it your habit to review those,	16	of probably about 40 pages of printouts that he
17	the material in those files in connection with	17	generated of very long sheets that were, quite
18	your audit work?	18	frankly, in larger print than this. They were
19	A. Yes. It was also my habit to, as I	19	eight and a half by 11.
20	was reviewing or going through an audit review, 16:08:14	20	Q. Yes. 16:10:31
21	the staff would give me documents, I would look	21	A. And we sat down and over, as I
	at, we would talk about, I would put them in	22	indicated, over a couple day period, day and a
22			
23	the file.	23	half, whatever, when I sat down and talked to
23 24	the file. Q. Do you recognize the handwriting?	24	Mark and Brian, we were going through
23	the file. Q. Do you recognize the handwriting?	1	

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	Page 238		Page 240
	what was going on here, how it tied into other	1	Q. The entry used to read something
2	items that we thought were occurring from a	2	like 72 million dollars. It has a line through
3	processing perspective, what Norb was coming	3	it, and then your handwriting, 50 million
	down with, what was the client doing in terms	4	dollars beneath it. Is that right?
	of increasing reserves, what the client's 16:10:58	5	A. 50,000, but yes. 16:13:16
	assessment was in terms of collectibility, if	6	Q. 50,000. But this schedule would
7	they had any specific reasons on why certain	7	refer to is it 50,000 or 50 million?
8	items should be ignored, written off.	8	A. I can't remember. I mean, as I
9	So it was basically my these	9	told you, we were going through a number of
10	pages, plus a few other pages, were basically 16:11:18	10	assessments in terms of overall reserve 16:13:30
11	my work pad, if you will, during that period of	11	requirements and so on.
12	time when we were going through the review.	12	Q. So let me make sure I think I
13	Q. This is the period of time during	13	understand your testimony. I want to make sure
14	which you came to the ultimate conclusion that	14	that the record is clear.
15	the reserve or the allowance the reserve or 16:11:31	15	The figure that is typewritten on 16:13:38
16	the allowance for doubtful accounts needed to	16	this schedule for all entities under net A/R
17	be increased by 15 to 20 million dollars?	17	over 180 days is 72 million dollars and change?
18	A. Yes, yes.	18	A. Yes.
19	Q. These meetings were held primarily	19	Q. That much is right?
20	with you and Mr. Kirstein and Mr. Christian 16:11:42	20	A. Yes. 16:13:49
21	from time to time?	21	Q. What you've written in in
22	A. Yes. I mean, it was within a two,	22	handwriting is the figure 50, five zero,
23	three-day period, rather intense. I spent a	23	comma let me try that again. Five zero
24	lot of time over at the client location. I had	24	comma, zero, zero, zero or 50,000, is that
25	other client responsibilities. But I think for 16:11:57	25	right? 16:14:00
-	D 220		Page 241
	Page 239	1	A. Yes.
1 2	one day I was there probably all day. I felt kind of bad for Brian because I had him running	2	Q. You don't know whether that meant
2		3	to relate to 50,000 or 50 million as you sit
3	around quite a bit getting information.	4	here today?
4	Q. This would have been then, again, in the late August, early September time frame 16:12:12	5	A. Yes. In all probability it relates 16:14:06
5			
		1	· · · · · · · · · · · · · · · · · · ·
6	and shortly before the meeting with Mr. Spargo	6	to 50 million, but I honestly can't testify
7	and others about your suggestion to up the	6 7	to 50 million, but I honestly can't testify today because I'm not sure how that number was
7 8	and others about your suggestion to up the reserve?	6 7 8	to 50 million, but I honestly can't testify today because I'm not sure how that number was derived.
7 8 9	and others about your suggestion to up the reserve?  A. Yes, yes. That all could have	6 7 8 9	to 50 million, but I honestly can't testify today because I'm not sure how that number was derived.  Q. Do you recall considering whether
7 8 9 10	and others about your suggestion to up the reserve?  A. Yes, yes. That all could have occurred within a one-week period, let's say. 16:12:21	6 7 8 9	to 50 million, but I honestly can't testify today because I'm not sure how that number was derived.  Q. Do you recall considering whether net A/R the net A/R figure calculated by 16:14:19
7 8 9 10 11	and others about your suggestion to up the reserve?  A. Yes, yes. That all could have occurred within a one-week period, let's say.  When I say one week, I don't mean Monday	6 7 8 9	to 50 million, but I honestly can't testify today because I'm not sure how that number was derived.  Q. Do you recall considering whether net A/R the net A/R figure calculated by either the client or by C&L for all entities
7 8 9 10 11 12	and others about your suggestion to up the reserve?  A. Yes, yes. That all could have occurred within a one-week period, let's say.  When I say one week, I don't mean Monday through Friday, but within a five, six-day	6 7 8 9 10 11	to 50 million, but I honestly can't testify today because I'm not sure how that number was derived. Q. Do you recall considering whether net A/R the net A/R figure calculated by either the client or by C&L for all entities which reflected A/R over 180 days should be
7 8 9 10 11 12 13	and others about your suggestion to up the reserve?  A. Yes, yes. That all could have occurred within a one-week period, let's say.  When I say one week, I don't mean Monday through Friday, but within a five, six-day period, yes.	6 7 8 9 10 11 12	to 50 million, but I honestly can't testify today because I'm not sure how that number was derived.  Q. Do you recall considering whether net A/R the net A/R figure calculated by 16:14:19 either the client or by C&L for all entities which reflected A/R over 180 days should be adjusted downward by any measure, by any sum in
7 8 9 10 11 12 13 14	and others about your suggestion to up the reserve?  A. Yes, yes. That all could have occurred within a one-week period, let's say.  When I say one week, I don't mean Monday through Friday, but within a five, six-day period, yes.  Q. On the first page of the schedule	6 7 8 9 10 11 12 13 14	to 50 million, but I honestly can't testify today because I'm not sure how that number was derived.  Q. Do you recall considering whether net A/R the net A/R figure calculated by 16:14:19 either the client or by C&L for all entities which reflected A/R over 180 days should be adjusted downward by any measure, by any sum in these Christian/Kirstein/Buettner meetings?
7 8 9 10 11 12 13 14 15	and others about your suggestion to up the reserve?  A. Yes, yes. That all could have occurred within a one-week period, let's say. 16:12:21 When I say one week, I don't mean Monday through Friday, but within a five, six-day period, yes.  Q. On the first page of the schedule which we've newly marked would you do me the 16:12:34	6 7 8 9 10 11 12 13	to 50 million, but I honestly can't testify today because I'm not sure how that number was derived.  Q. Do you recall considering whether net A/R the net A/R figure calculated by 16:14:19 either the client or by C&L for all entities which reflected A/R over 180 days should be adjusted downward by any measure, by any sum in these Christian/Kirstein/Buettner meetings?  A. Well, yeah, I think we had reached 16:14:38
7 8 9 10 11 12 13 14 15 16	and others about your suggestion to up the reserve?  A. Yes, yes. That all could have occurred within a one-week period, let's say. 16:12:21 When I say one week, I don't mean Monday through Friday, but within a five, six-day period, yes.  Q. On the first page of the schedule which we've newly marked would you do me the 16:12:34 favor of repeating back for me the exhibit	6 7 8 9 10 11 12 13 14 15	to 50 million, but I honestly can't testify today because I'm not sure how that number was derived.  Q. Do you recall considering whether net A/R the net A/R figure calculated by either the client or by C&L for all entities which reflected A/R over 180 days should be adjusted downward by any measure, by any sum in these Christian/Kirstein/Buettner meetings?  A. Well, yeah, I think we had reached 16:14:38 a conclusion that the reserve had to be
7 8 9 10 11 12 13 14 15 16	and others about your suggestion to up the reserve?  A. Yes, yes. That all could have occurred within a one-week period, let's say. 16:12:21 When I say one week, I don't mean Monday through Friday, but within a five, six-day period, yes.  Q. On the first page of the schedule which we've newly marked would you do me the 16:12:34 favor of repeating back for me the exhibit number?	6 7 8 9 10 11 12 13 14 15 16 17	to 50 million, but I honestly can't testify today because I'm not sure how that number was derived.  Q. Do you recall considering whether net A/R the net A/R figure calculated by 16:14:19 either the client or by C&L for all entities which reflected A/R over 180 days should be adjusted downward by any measure, by any sum in these Christian/Kirstein/Buettner meetings?  A. Well, yeah, I think we had reached 16:14:38
7 8 9 10 11 12 13 14 15 16 17 18	and others about your suggestion to up the reserve?  A. Yes, yes. That all could have occurred within a one-week period, let's say. 16:12:21 When I say one week, I don't mean Monday through Friday, but within a five, six-day period, yes.  Q. On the first page of the schedule which we've newly marked would you do me the 16:12:34 favor of repeating back for me the exhibit number?  A. 4463.	6 7 8 9 10 11 12 13 14 15 16	to 50 million, but I honestly can't testify today because I'm not sure how that number was derived.  Q. Do you recall considering whether net A/R the net A/R figure calculated by 16:14:19 either the client or by C&L for all entities which reflected A/R over 180 days should be adjusted downward by any measure, by any sum in these Christian/Kirstein/Buettner meetings?  A. Well, yeah, I think we had reached 16:14:38 a conclusion that the reserve had to be increased by 15 to 20 million dollars, yes,
7 8 9 10 11 12 13 14 15 16 17 18 19	and others about your suggestion to up the reserve?  A. Yes, yes. That all could have occurred within a one-week period, let's say. 16:12:21 When I say one week, I don't mean Monday through Friday, but within a five, six-day period, yes.  Q. On the first page of the schedule which we've newly marked would you do me the 16:12:34 favor of repeating back for me the exhibit number?  A. 4463.  Q. On the first page of Exhibit 4463,	6 7 8 9 10 11 12 13 14 15 16 17 18	to 50 million, but I honestly can't testify today because I'm not sure how that number was derived.  Q. Do you recall considering whether net A/R the net A/R figure calculated by 16:14:19 either the client or by C&L for all entities which reflected A/R over 180 days should be adjusted downward by any measure, by any sum in these Christian/Kirstein/Buettner meetings?  A. Well, yeah, I think we had reached 16:14:38 a conclusion that the reserve had to be increased by 15 to 20 million dollars, yes, sir.  Q. So if having having given us the
7 8 9 10 11 12 13 14 15 16 17 18 19 20	and others about your suggestion to up the reserve?  A. Yes, yes. That all could have occurred within a one-week period, let's say. 16:12:21 When I say one week, I don't mean Monday through Friday, but within a five, six-day period, yes.  Q. On the first page of the schedule which we've newly marked would you do me the 16:12:34 favor of repeating back for me the exhibit number?  A. 4463.  Q. On the first page of Exhibit 4463, the lower right-hand corner of the document, 16:12:49	6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	to 50 million, but I honestly can't testify today because I'm not sure how that number was derived.  Q. Do you recall considering whether net A/R the net A/R figure calculated by 16:14:19 either the client or by C&L for all entities which reflected A/R over 180 days should be adjusted downward by any measure, by any sum in these Christian/Kirstein/Buettner meetings?  A. Well, yeah, I think we had reached 16:14:38 a conclusion that the reserve had to be increased by 15 to 20 million dollars, yes, sir.  Q. So if having having given us the
7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	and others about your suggestion to up the reserve?  A. Yes, yes. That all could have occurred within a one-week period, let's say. 16:12:21 When I say one week, I don't mean Monday through Friday, but within a five, six-day period, yes.  Q. On the first page of the schedule which we've newly marked would you do me the 16:12:34 favor of repeating back for me the exhibit number?  A. 4463.  Q. On the first page of Exhibit 4463, the lower right-hand corner of the document, 16:12:49 the figure appears at the very bottom under the	6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	to 50 million, but I honestly can't testify today because I'm not sure how that number was derived.  Q. Do you recall considering whether net A/R the net A/R figure calculated by 16:14:19 either the client or by C&L for all entities which reflected A/R over 180 days should be adjusted downward by any measure, by any sum in these Christian/Kirstein/Buettner meetings?  A. Well, yeah, I think we had reached 16:14:38 a conclusion that the reserve had to be increased by 15 to 20 million dollars, yes, sir.  Q. So if having having given us the benefit of that, net A/R in your view is A/R 16:14:50
7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	and others about your suggestion to up the reserve?  A. Yes, yes. That all could have occurred within a one-week period, let's say. 16:12:21 When I say one week, I don't mean Monday through Friday, but within a five, six-day period, yes.  Q. On the first page of the schedule which we've newly marked would you do me the 16:12:34 favor of repeating back for me the exhibit number?  A. 4463.  Q. On the first page of Exhibit 4463, the lower right-hand corner of the document, the figure appears at the very bottom under the heading Total All Entries, Over 180 Days, and	6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	to 50 million, but I honestly can't testify today because I'm not sure how that number was derived.  Q. Do you recall considering whether net A/R the net A/R figure calculated by 16:14:19 either the client or by C&L for all entities which reflected A/R over 180 days should be adjusted downward by any measure, by any sum in these Christian/Kirstein/Buettner meetings?  A. Well, yeah, I think we had reached 16:14:38 a conclusion that the reserve had to be increased by 15 to 20 million dollars, yes, sir.  Q. So if having having given us the benefit of that, net A/R in your view is A/R 16:14:50 after the allowance?  A. Yes.
7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	and others about your suggestion to up the reserve?  A. Yes, yes. That all could have occurred within a one-week period, let's say. 16:12:21 When I say one week, I don't mean Monday through Friday, but within a five, six-day period, yes.  Q. On the first page of the schedule which we've newly marked would you do me the 16:12:34 favor of repeating back for me the exhibit number?  A. 4463.  Q. On the first page of Exhibit 4463, the lower right-hand corner of the document, the figure appears at the very bottom under the heading Total All Entries, Over 180 Days, and the entry there is in a row for net A slash R;	6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	to 50 million, but I honestly can't testify today because I'm not sure how that number was derived.  Q. Do you recall considering whether net A/R the net A/R figure calculated by 16:14:19 either the client or by C&L for all entities which reflected A/R over 180 days should be adjusted downward by any measure, by any sum in these Christian/Kirstein/Buettner meetings?  A. Well, yeah, I think we had reached 16:14:38 a conclusion that the reserve had to be increased by 15 to 20 million dollars, yes, sir.  Q. So if having having given us the benefit of that, net A/R in your view is A/R 16:14:50 after the allowance?  A. Yes.  Q. And, therefore, this roughly 22
7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	and others about your suggestion to up the reserve?  A. Yes, yes. That all could have occurred within a one-week period, let's say. 16:12:21 When I say one week, I don't mean Monday through Friday, but within a five, six-day period, yes.  Q. On the first page of the schedule which we've newly marked would you do me the 16:12:34 favor of repeating back for me the exhibit number?  A. 4463.  Q. On the first page of Exhibit 4463, the lower right-hand corner of the document, the figure appears at the very bottom under the heading Total All Entries, Over 180 Days, and	6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	to 50 million, but I honestly can't testify today because I'm not sure how that number was derived.  Q. Do you recall considering whether net A/R the net A/R figure calculated by 16:14:19 either the client or by C&L for all entities which reflected A/R over 180 days should be adjusted downward by any measure, by any sum in these Christian/Kirstein/Buettner meetings?  A. Well, yeah, I think we had reached 16:14:38 a conclusion that the reserve had to be increased by 15 to 20 million dollars, yes, sir.  Q. So if having having given us the benefit of that, net A/R in your view is A/R 16:14:50 after the allowance?  A. Yes.  Q. And, therefore, this roughly 22 million dollar difference, if we assume for a

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Willia	m F. Buettner		
	Page 242		Page 244
1	million, would be in the ballpark of the	1	Q. Mr. Buettner, could you look back
2	suggestion you were proposing, is that fair to	2	at Exhibit 4463 for me, the last series of
3	say?	3	schedules we were reviewing at the time we
4	MR. RYAN: Objection.	4	broke. 4463, the net A/R schedule. Are you
5	A. You could say that, but I'm not 16:15:11	5	with me? 16:34:19
6	sure that's what it meant. I just don't know.	6	A. Yes.
7		7	Q. Regardless of which figure we
8	Q. You just don't know? A. I cannot remember.	8	choose, the roughly 72 million dollar figure
	Q. That's fine. I'm going to ask you	9	for net A/R, all entities over 180 days, or the
9 10	skip to the next page. 16:15:21	10	roughly 92 million dollar figure for net A/R 16:34:34
11	Do you know what you're doing with	11	all entities over 180 days, the schedule
12	the handwritten figures that appear in the	12	reflects that this amount is an amount
13	first four columns with actual numbers in them	13	outstanding and presumably owed to AHERF
1	at the base of the page on page 35634 as you	14	hospitals or other enterprises against which
14	sit here today? 16:15:35	15	there is no reserve. 16:35:00
15	Sie Here today.	16	Is that fair to say?
16		17	MR. RYAN: Objection to form.
17		18	A. Yes. Yes.
18	appears to strike that.	19	Q. Did that fact or knowing that fact
19	Do you know why what this second schedule is doing as compared to the first 16:16:01	20	in connection with your '96 audit work cause 16:35:05
20	Schedule is demig to compare a	21	you concern about the reserve or the allowance
21	schedule as you sit here today?	22	for doubtful accounts?
22	A. What page are you on?	23	MR. RYAN: Objection.
23	Q. I'm sorry, the second page of the	24	A. As I stated previously, it would be
24	exhibit, 4463. At your quick review here, can	25	an item that we would consider in evaluating 16:35:21
25	you tell me why this schedule is different than 16:16:12	23	all item that we would consider in evaluating
	Page 243		Page 245
1	the first one?	1	the overall adequacy of the client's
2	MR. RYAN: Objection to form.	2	established reserve.
3	A. I'm not sure I don't see the	3	<ul> <li>Q. Did you evaluate this item as one</li> </ul>
4	difference.	4	that would suggest that an enhancement to the
5	Q. Okay. I think if you look to the 16:16:25	5	reserve should be made or an increase in the 16:35:34
۱ .	third page, maybe you'll see.	6	reserve should be made?
6	The third page gives a total	7	<ul> <li>A. I would conclude that it would tell</li> </ul>
1 '	reserve figure of a total I'm sorry, net	8	us that we would want to take a look at an
8	A/R figure, total net A/R figure for all	9	increase in the reserve, not a decrease in the
-	entities at over 180 days at 92 million 16:16:38		reserve. 16:35:48
10	dollars.	11	Q. Thank you. That's where I was
12		12	going with the question.
13		13	You have testified for us a little
		14	the state of the s
14		15	allowance suggested by you in the range of 15 16:36:02
15		16	and the contract of the contra
16 17		17	
- 1		18	
18		19	a contract of the contract of
19	40.17.00	20	16,26,22
20	We may mish should be seen as a second	21	
21		22	
22		23	
23		24	
24		25	
25	the record at 4:34. 16:34:01		

62 (Pages 242 to 245)

Willia	m F. Buettner		voidine 1
	Page 246		Page 248
1	amount, or is that an amount or a range,	1	us by booking the journal entry or by
2	rather, that you came up with separate and	2	increasing the reserves, let's say.
3	apart from any conversations you had with these	3	Q. Do you recall posting the amount
4	two gentlemen?	4	of any amount to the SUD?
5	A. That I cannot remember. There were 16:36:52	5	A. After the client accepted the or 16:39:40
6	a whole there were a variety of factors, a	6	agreed to book the adjustment? No.
7	lot of conversation, a lot of data that was	7	Q. Do you recall posting any amount
l	shared. The ultimate decision that was made	8	for an increase to the allowance for doubtful
8	i	9	accounts to the SUD at any time?
9	was my decision.  That decision was based on the 16:37:12	10	A. In 1996? 16:39:54
10	information I had seen, plus the information	11	Q. Yes.
11	that the staff had given me and what I also had	12	A. No.
12	heard from the client.	13	Q. Is it your best recollection that
13		14	the suggestion of a 15 to 20 million dollar
14	Q. Did you do you recall sharing your 15 to 20 million dollar recommendation 16:37:22	15	increase in the allowance was not documented; 16:40:06
15	with Mr. Christian or Mr. Kirstein before the	16	it was not written down in the work papers or
16	meeting with AHERF at which you shared this	17	anywhere else?
17		18	MR. RYAN: Objection.
18	suggestion?  A. I think I did, but I can't remember	19	A. I believe it was written down to
19		20	the extent that the client had to book some 16:40:17
20	Specifically.	21	sort of adjustment to their financial
21	Q. Do you recall as you sit here today	22	statements and on their general ledger, and the
22	any difference of opinion between the three of	23	staff reviewed that adjustment that was made,
23	you about the number or the range?	24	and they documented the adjustment in the work
24	A. No, I don't remember any comments,	25	papers. 16:40:34
25	adverse comments from their perspective in 16:37:49	23	рарсіз.
	Page 247		Page 249
1	terms of the adequacy of that adjustment.	1	Q. Let me see if I can break that down
2	Q. Do you recall either one of them or	2	because I think we're speaking past each other,
3	anyone else on the engagement team indicating	3	perhaps.
4	to you that they thought the adjustment should	4	And I understand that ultimately a
5	be more, higher, more than 17.5 or more than 16:37:59	5	17.5 million dollar adjustment was made by 16:40:43
6	15 to 20 million dollars?	6	AHERF and that that may be reflected in some
1 7	A. No, I don't remember any	7	internal AHERF schedules or on the general
8	conversations at all along those lines.	8	ledger, or it may not.
9		9	My question is really, do you
10	(Thereupon, Deposition	10	recall yourself or any member of your 16:40:57
11	Exhibit 4464 was marked for	11	
12	Purposes of identification.)	12	
13		13	
14	Q. Mr. Buettner, do you recall	14	
15	documenting anywhere in the work papers or 16:38:47	15	
16	elsewhere, for that matter, the suggestion of	16	
17	increasing the allowance for doubtful accounts	17	
18		18	adjustment that should be booked. So we
19	fiscal year '96?	19	
20		20	adjustment. 16:41:33
21	back, please?	21	Q. They accepted the client
22		22	
23		23	
24		24	
25	46.20.26	25	Q. They didn't accept 20, right? 16:41:41
23	amough dide documentation process for	1	

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## IN THE UNITED STATES DISTRICT COURT OF PENNSYLVANIA WESTERN DIVISION

THE OFFICIAL COMMITTEE OF
UNSECURED CREDITORS OF
ALLEGHENY HEALTH, EDUCATION
& RESEARCH FOUNDATION,

Plaintiff,

vs. Civil Action No. 00-684
PRICEWATERHOUSECOOPERS, LLP,
Defendant.

Continued videotaped deposition of WILLIAM F. BUETTNER, called for examination under the Applicable Rules of Federal Civil Procedure, taken before me, Michele E. Eddy, a Registered Professional Reporter and Notary Public in and for the State of Ohio, pursuant to notice and stipulations of counsel, at the offices of Jones Day, 500 Grant Street, Suite 3100, Pittsburgh, Pennsylvania, on Wednesday, the 23rd day of June, 2004, at 9:00 a.m.

VOLUME II

	Page 326		Page 328
1 (	Coopers & Lybrand, the recommendations or the	1	A. Yes, yes.
	reactions that were Coopers & Lybrand's?	2	Q. Including comments or notes on the
3	A. Well, we would circulate the letter	3	text of the factual portions and C&L's
	for two reasons. One is it was agreed that a	4	recommendations separate and apart from the
	management response would be provided to our 09:53:05	5	management response portion of the letter; is 09:55:00
	comments. So to get that management response,	6	that also right?
	clearly we would have to review the comment	7	A. Yes, yes.
	with management.	8	Q. My question now is, in any fiscal
9	And then, secondly, it was a	9	year or for any fiscal year, do you recall
	vehicle to make sure that we had our facts 09:53:17	10	receiving comments from AHERF management on the 09:55:08
	right, we're making observations, we're making	11	C&L portions of the document, not just the
	recommendations. We would want to make sure	12	management response, but the C&L portions of
	that our facts were correct.	13	the documents that you or your engagement team
14	It's one thing to make a	14	rejected, did not accept, did not put in the
	recommendation and management may disagree with 09:53:28	15	final text? 09:55:24
	it or there may be some tension in terms of	16	MR. RYAN: Objection.
	comment, but if the facts are just wrong, and	17	A. In other words, feedback that they
	the observation is not is without merit,	18	provided to us and we said, no, we're not going
	then it shouldn't be included in the letter.	19	to include that? Probably, yes. We receive
20	Q. Do you recall ever receiving 09:53:45	20	comments both ways either for factual or 09:55:35
	comment from AHERF personnel on the factual	21	factual information or just other information.
	portions or the recommendations of C&L separate	22	Some of it we may have included, some I
	and apart from the management response portion	23	can't remember. But it was we would sit
1	of the letter?	24	down and assess our comments that we received
25	A. In some cases, yes. 09:54:01	25	from them, plus their responses, and we would 09:55:50
23	A. Ill some cases, yes		
	Page 327	l	Page 329
1	Q. Do you recall receiving any in	1	also assess observations from within the group
1 2	particular in connection with the '96 or '97	2	as we were passing this document around as
3	audit?	3	well. We would make a final change to the
4	A. I can't remember specifically, but	4	document before issuing it to the board and the
5	I wouldn't be surprised if we received comments 09:54:07	5	audit committee. 09:56:06
6	in each year that we performed this service.	6	Q. Do you recall any specific comments
7	Q. Do you recall ever rejecting any	7	the state of the
8	comments?	8	document that you rejected in either fiscal
9	MR. RYAN: Objection.	9	years '95, '96 or '97?
10	A. I don't understand what you mean by 09:54:19	10	00.56.10
11	rejecting.	11	
12	Q. That is receiving them, reviewing	12	
13	them but deciding not to include them in the	13	a specific page of the management comment
14	final text of the document?	14	letter from Coopers & Lybrand to the Board of
15	A. Receiving them from who? 09:54:28	15	
16	Q. AHERF management.	16	
17	A. I don't understand your question.	17	
18	We're the one who's generating the comment.	18	A. Yes.
19	Q. Let me try it again. Let me try it	19	Q. Do you see under the page marked
20	again. 09:54:41	20	- 00 56 00
21	A. Okay.	21	
22	Q. I think you told me that you	22	
1	recalled receiving some input or comments on	23	
23	reconce receiving some input of comments		
23		24	A. Yes.
23 24 25	the text of the management comment letter from time to time from AHERF personnel? 09:54:48	25	00.56.47

13 (Pages 326 to 329)

	Page 330			Page 332
1	general overview and then a revenue and	1	30 to 35 minutes. It was a 90-second	
1	accounts receivable overview section?	2	conversation?	
2		3	A. Yes, it was 90 seconds.	
3		4	Q. With whom did you discuss it?	
4		5	A. Well, everybody was in the room,	10:32:57
5	the way down the page, and determine	6	but principally Mr. Ryan.	
6	paragraph, there is a sentence in the revenue	7	Q. The everybody is Mr. Close	
7	and accounts receivable overview that reads,	8	A. Yes.	
8	"As a result of our procedures, we have	9	Q in-house consultant at	
9	concluded that the controls over the		PricewaterhouseCoopers?	10:33:06
10	C3(abii3)iiiiCite alia iiiotiteotiii.g of account	10		10.55.00
11	receivable reserves are designed appropriately	11	A. Yes.	
12	and are operating effectively so as to properly	12	Q. And Mr. LaRocca, a lawyer at	
13	adjust accounts receivable balances to their	13	Cravath, Swaine, and Moore?	
14	estimated net realizable value."	14	A. Yes.	10.22.11
15	Did I read that right? 09:57:25	15	Q. And Mr. Stroup, a lawyer for you?	10:33:11
16	A. Yes.	16	A. Yes.	
17	Q. Do you know who wrote that text as	17	Q. What's your clarification, sir?	
18	you sit here today?	18	<ul> <li>A. Simply that the 7.1 million dollar</li> </ul>	
19	A. No, I don't.	19	adjustment that we had talked about, I'm	
20	Q. Did you believe it at the time the 09:57:32	20	uncertain in terms of if individuals understar	nd 10:33:28
21	letter was dispatched?	21	the item that we have on our SUD here and	the
22	A. Yes.	22	purpose for that. So if I could just take one	
23	Q. Do you believe it today?	23	minute and outline my understanding of the	!
1	MR. RYAN: Objection.	24	facts.	
24 25	A. With regards to 1996 are we 09:57:41	25	The client booked a 7.1 million	10:33:49
20	A. With regards to 1990 die we	1		
	Page 331			Page 333
1	<del>-</del>	1	dollar adjustment reflecting capitalization of	Page 333
1 2	speaking to?	1 2	interest for both the 1996 period and prior	Page 333
2	speaking to? Q. Yes, the time period for which the	i .	interest for both the 1996 period and prior years. They did that to correct what we	Page 333
2	speaking to? Q. Yes, the time period for which the letter was written.	2	interest for both the 1996 period and prior	
2 3 4	speaking to? Q. Yes, the time period for which the letter was written. A. Yes.	2 3 4	interest for both the 1996 period and prior years. They did that to correct what we considered to be misstatements that had	Page 333 10:34:04
2 3 4 5	speaking to? Q. Yes, the time period for which the letter was written. A. Yes. MR. JONES: Why don't we take our 09:57:48	2 3 4 5	interest for both the 1996 period and prior years. They did that to correct what we	
2 3 4 5 6	speaking to? Q. Yes, the time period for which the letter was written. A. Yes. MR. JONES: Why don't we take our 09:57:48 morning break here.	2 3 4 5 6	interest for both the 1996 period and prior years. They did that to correct what we considered to be misstatements that had accumulated over a period of time.  Q. Misstatements in what account, sir?	
2 3 4 5 6 7	speaking to? Q. Yes, the time period for which the letter was written. A. Yes. MR. JONES: Why don't we take our morning break here. THE VIDEOGRAPHER: Going off the	2 3 4 5 6 7	interest for both the 1996 period and prior years. They did that to correct what we considered to be misstatements that had accumulated over a period of time.  Q. Misstatements in what account, sir? A. It would have been well,	
2 3 4 5 6 7 8	speaking to? Q. Yes, the time period for which the letter was written. A. Yes. MR. JONES: Why don't we take our o9:57:48 morning break here. THE VIDEOGRAPHER: Going off the record at 9:57.	2 3 4 5 6 7 8	interest for both the 1996 period and prior years. They did that to correct what we considered to be misstatements that had accumulated over a period of time.  Q. Misstatements in what account, sir?  A. It would have been well, capitalized interest would have gone to fixed assets or property, plant and equipment.	10:34:04
2 3 4 5 6 7 8 9	speaking to? Q. Yes, the time period for which the letter was written. A. Yes. MR. JONES: Why don't we take our o9:57:48 morning break here. THE VIDEOGRAPHER: Going off the record at 9:57. (Recess had.)	2 3 4 5 6 7 8 9	interest for both the 1996 period and prior years. They did that to correct what we considered to be misstatements that had accumulated over a period of time.  Q. Misstatements in what account, sir?  A. It would have been well, capitalized interest would have gone to fixed assets or property, plant and equipment.	10:34:04
2 3 4 5 6 7 8 9	speaking to? Q. Yes, the time period for which the letter was written. A. Yes. MR. JONES: Why don't we take our 09:57:48 morning break here. THE VIDEOGRAPHER: Going off the record at 9:57. (Recess had.) THE VIDEOGRAPHER: We are back on 10:32:21	2 3 4 5 6 7 8 9	interest for both the 1996 period and prior years. They did that to correct what we considered to be misstatements that had accumulated over a period of time.  Q. Misstatements in what account, sir?  A. It would have been well, capitalized interest would have gone to fixed assets or property, plant and equipment.  Q. The misstatement was the failure to	10:34:04
2 3 4 5 6 7 8 9 10	speaking to? Q. Yes, the time period for which the letter was written. A. Yes. MR. JONES: Why don't we take our 09:57:48 morning break here. THE VIDEOGRAPHER: Going off the record at 9:57. (Recess had.) THE VIDEOGRAPHER: We are back on 10:32:21 the record at 10:32.	2 3 4 5 6 7 8 9 10	interest for both the 1996 period and prior years. They did that to correct what we considered to be misstatements that had accumulated over a period of time.  Q. Misstatements in what account, sir?  A. It would have been well, capitalized interest would have gone to fixed assets or property, plant and equipment.  Q. The misstatement was the failure to capitalize the interest	10:34:04
2 3 4 5 6 7 8 9 10 11	speaking to? Q. Yes, the time period for which the letter was written. A. Yes. MR. JONES: Why don't we take our 09:57:48 morning break here. THE VIDEOGRAPHER: Going off the record at 9:57. (Recess had.) THE VIDEOGRAPHER: We are back on 10:32:21 the record at 10:32. MR. RYAN: If he could just I	2 3 4 5 6 7 8 9 10 11	interest for both the 1996 period and prior years. They did that to correct what we considered to be misstatements that had accumulated over a period of time.  Q. Misstatements in what account, sir?  A. It would have been well, capitalized interest would have gone to fixed assets or property, plant and equipment.  Q. The misstatement was the failure to capitalize the interest  A. Yes.	10:34:04
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2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	speaking to? Q. Yes, the time period for which the letter was written. A. Yes. MR. JONES: Why don't we take our 09:57:48 morning break here. THE VIDEOGRAPHER: Going off the record at 9:57. (Recess had.) THE VIDEOGRAPHER: We are back on 10:32:21 the record at 10:32. MR. RYAN: If he could just I think there's one point the witness wants to clarify what happened before. Q. Do you have a clarification to a 10:32:30 prior answer, sir?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	interest for both the 1996 period and prior years. They did that to correct what we considered to be misstatements that had accumulated over a period of time.  Q. Misstatements in what account, sir?  A. It would have been well, capitalized interest would have gone to fixed assets or property, plant and equipment.  Q. The misstatement was the failure to capitalize the interest  A. Yes. Q over a period of years? A. Yes. We concluded that their correction of that misstatement in 1996 was appropriate.	10:34:04 0 10:34:14 10:34:22
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2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	speaking to? Q. Yes, the time period for which the letter was written. A. Yes. MR. JONES: Why don't we take our 09:57:48 morning break here. THE VIDEOGRAPHER: Going off the record at 9:57. (Recess had.) THE VIDEOGRAPHER: We are back on 10:32:21 the record at 10:32. MR. RYAN: If he could just I think there's one point the witness wants to clarify what happened before. Q. Do you have a clarification to a 10:32:30 prior answer, sir? A. Yes, I do, or maybe a series of answers. Q. Let me ask you, have you had an	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	interest for both the 1996 period and prior years. They did that to correct what we considered to be misstatements that had accumulated over a period of time.  Q. Misstatements in what account, sir?  A. It would have been well, capitalized interest would have gone to fixed assets or property, plant and equipment.  Q. The misstatement was the failure to capitalize the interest  A. Yes.  Q over a period of years?  A. Yes.  We concluded that their correction of that misstatement in 1996 was appropriate so they fixed the property, plant and equipment. But when he did that, they creat a second misstatement, and that misstatement	10:34:04 10:34:14 10:34:22 e, ted
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## IN THE UNITED STATES DISTRICT COURT OF PENNSYLVANIA WESTERN DIVISION

THE OFFICIAL COMMITTEE OF
UNSECURED CREDITORS OF
ALLEGHENY HEALTH, EDUCATION
& RESEARCH FOUNDATION,

Plaintiff,

Vs. Civil Action No. 00-684.

PRICEWATERHOUSECOOPERS, LLP,

Defendant.

Continued videotaped deposition of WILLIAM F. BUETTNER, called for examination under the Applicable Rules of Federal Civil Procedure, taken before me, Michele E. Eddy, a Registered Professional Reporter and Notary Public in and for the State of Ohio, pursuant to notice and stipulations of counsel, at the offices of Jones Day, 500 Grant Street, Suite 3100, Pittsburgh, Pennsylvania, on Thursday, the 24th day of June, 2004, at 9:00 a.m.

VOLUME III

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			Page 5
	Page 559	1	As we had further discussions during the
	A. From the C&L perspective?	2	development of the '97 audit, a number of
	Q. Yes.	3	reasons developed. But our original
	A. Yes, sir.	4	discussions were more or less we're considering
ŀ	Q. Do you recall being involved in	1	this. This is what we would like to do. You 09:05:48
)	discussions about the decision to move to 09:03:16		can give us your thoughts. We had had previous
5	this or to implement this change?	6	discussions about it. But give us your
7	A. Yes.	1	thoughts in terms of how that would impact your
3	Q. With whom did you have such	8	work in '97 and if you see any other items that
)	discussions?	9	we should consider. 09:06:03
)	A. I had a number of discussions with 09:03:28	10	WE SHOULD CONSIDER.
1	Mr. McConnell, perhaps Mr. Spargo, probably	11	Q. What were the reasons, if you ever learned any, from AHERF management about why
2	over an 18-month period about reporting	12	they were considering or thought it might be
3	requirements and options that were available to	13	appropriate to change the presentation?
4	the AHERF management group.	14	A. Well, audit fees would have been 09:06:17
5	Q. Who first initiated these 09:03:50	15	one. I don't think that was the primary one,
5	conversations about changing the audit format	16	but it would have been one item because
7	between the two years?	17	obviously our audit scope would have been
8	A. I need a little help in your	18	reduced.
9	question. Are you talking about in 1997, sir?	19	They were operating more as a 09:06:28
0	Q. I'm talking about the change we've 09:04:08	20	system, if you will, in 1997 than in prior
1	just been discussing in the '97 audited	21	years. That had implications in terms of our
2	financial statements, at least the	22	audit scope and how we would report at the
3	presentation. Who first raised the topic, was	23	Obligated Group level. And I believe they
4	it you, somebody at AHERF?	24	understood that. I know they understood that. 09:06
25	When did you first hear about it? 09:04:18	25	understood that. I know they anderstood that
	Page 56		Page
1	Page 56	0 1	And there were just other factors,
	A. AHERF management told us during the		And there were just other factors, as I understood, in terms of presentation to
2	A. AHERF management told us during the planning session, if you will, very early	1	And there were just other factors, as I understood, in terms of presentation to the public of looking at AHERF as a corporate
2 3	A. AHERF management told us during the planning session, if you will, very early planning session for the 1997 audit that they	1 2	And there were just other factors, as I understood, in terms of presentation to the public of looking at AHERF as a corporate identity, if you will, as opposed to the
2 3 4	A. AHERF management told us during the planning session, if you will, very early planning session for the 1997 audit that they had made a decision or were strongly leaning	1 2 3	And there were just other factors, as I understood, in terms of presentation to the public of looking at AHERF as a corporate
2 3 4 5	A. AHERF management told us during the planning session, if you will, very early planning session for the 1997 audit that they had made a decision or were strongly leaning towards the presentation of only a consolidated 09:04:39	1 2 3 4	And there were just other factors, as I understood, in terms of presentation to the public of looking at AHERF as a corporate identity, if you will, as opposed to the eastern region or the west. Other business 09:07:04 reasons as well.
2 3 4 5 6	A. AHERF management told us during the planning session, if you will, very early planning session for the 1997 audit that they had made a decision or were strongly leaning towards the presentation of only a consolidated report for the AHERF system as their, what I	1 2 3 4 5	And there were just other factors, as I understood, in terms of presentation to the public of looking at AHERF as a corporate identity, if you will, as opposed to the eastern region or the west. Other business 09:07:04 reasons as well.  Q. When you say a corporate identity,
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1	We have a lot of clients within the PwC or C&L	1	A. Yes.
1	list of clients who would only present	2	Q. Did you indicate to them that the
2		3	things you would look at would change?
3	consolidated financial statements. So it	4	A. Yes.
4	wasn't unusual.	5	Q. What did you indicate? 09:10:33
5	They did have reporting 09:08:20	6	A. Not necessarily the things, but the
6	requirements, though, at what I would call		level of detail in certain areas would change.
7	subsidiary level or Obligated Group level to	7	LAUEDE
8	certain outsiders. We had indicated that there	8	Q. What did you tell anyone at AHERF management about the change and the level of
9	would probably be some sort of need to contact	9	
10	those folks to determine whether they were 09:08:35	10	detail, if you can recall today.
11	going to be meeting their external reporting	11	A. I can't recall specifically. It
12	requirements.	12	was outlined more or less in the engagement
13	Q. Were these primarily folks involved	13	plan that we finally developed.
14	with having lent loaned money to AHERF,	14	In these early-on meetings and
15	these outsiders? 09:08:47	15	these discussions, I didn't sit down and say, 09:11:00
16	A. Yes, that would be the principal	16	well, hours would go down because we would be
17	principal group.	17	doing less work in this area, that area because
•	And so I felt that there was some	18	we had to put together an engagement plan.
18	need for discussion with those folks, a need to	19	The other thing, of course, that
19	get the attorneys involved in terms of some 09:08:59	20	complicated that was you had some acquisitions 09:11:14
20	get the attorneys involved in terms	21	going on that would increase hours and increase
21	sort of assessment on whether the reporting	22	efforts in those particular areas as well. So
22	requirements would be sufficient.	23	putting together the engagement plan was a
23	And they had a clear understanding,		challenge in '97 in terms of the changes that
24	of course, that our audit scope would be based	24	00.44.36
25	on a consolidated financial statement and not 09:09:14	25	were occurring. 09:11:26
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١.		1	Q. The acquisitions you refer to are
1	necessarily on the financial individual	2	the acquisitions of certain hospitals formerly
2	financial statements of the Obligated Group.	3	owned by the Graduate Health System?
3	Q. What did you tell either Mr.	-	MR. RYAN: Objection.
4	McConnell or Mr. Spargo or anyone else at AHERF	4	
5	management in this time period about the change 09:09:31	5	
6	in scope that you just mentioned?	6	acquisitions, yes, sir.
7	A. Well, I had indicated that we would	7	Q. I was going to list some more, but
8	factor that into our plan and give them an idea	8	that was one of them?
9	in terms of what the change in scope would	9	A. Yes.  And those hospitals were primarily 09:11:39
10	entail. Of course that would translate into 09:09:46	10	O, And those hospitals were printed
11	time and effort and audit fee and things of	11	
12	that nature.	12	perhaps one in New Jersey?
13	So it was both an audit scope	13	A. Yes.
14	change, if you will, in terms of the level of	14	Q. And then, if I refer to those
15	items we would look at, as well as the impact 09:10:00	15	hospitals today, the ones acquired altogether 09:11:50
1	it would have on the overall time we would	16	
16	spend on the engagement, which would translate	17	
17		18	
18	into fees.	19	
19	Q. Let me see if I've got it right. I'm sorry to take a quick note 09:10:13	20	
20	Thi sorry to take a quienting	21	
21			
22	Did you indicate to them that the	22	
23	time would involved in the audit for '97 would	23	o uning fiscal year 37 were in the western part
24		24	00.42.40
25	therefore, the fees would be less? 09:10:24	25	5 anyway? 09:12:10